# RAVI TEXTILE MILLS LIMITED

# ANNUAL REPORT 2018

# CONTENTS

## RAVI TEXTILE MILLS LIMITED

# Corporate Information

BOARD OF DIRECTORS

| | |
|---|---|
| Muhammad Waseem-ur-Rehman | (Chief Executive) |
| Aftab Sarwar | |
| Tahir Majeed | |
| Muhammad Riaz | |
| Muhammad Shahid | |
| Aamir Khurshid Chandia | |
| Shahbaz Manzoor | (Retired 15-05-2018) |
| Waseem Ejaz | (Elected15-05-2018) |

AUDIT COMMITTEE

| | | | |
|---|---|---|---|
| Tahir Majeed | (Appointed 24-05-2018) | (Independent Director) | Chairman |
| Muhammad Shahid | (Retired 24-05-2018) | (Independent Director) | Chairman |
| Muhammad Riaz | | (Non-Executive Director) | Member |
| Aftab Sarwar | | (Independent Director) | Member |

HR & R COMMITTEE

| | | | |
|---|---|---|---|
| Muhammad Shahid | (Appointed 24-05-2018) | (Independent Director) | Chairman |
| Tahir Majeed | (Retired 24-05-2018) | (Independent Director) | Chairman |
| Muhammad Shahid | | (Independent Director) | Member |
| Muhammad Riaz | | (Non-Executive Director) | Member |

CORPORATE SECRETARY/
CHIEF FINANCIAL OFFICER
Munsaf Khan

AUDITORS
Riaz Ahmed & Company
Chartered Accountants
10-B, Saint Mary Park, Main Boulevard,
Gulberg-III, Lahore-54660

BANKERS
National Bank of Pakistan Limited
Bank Alfalah Limited
Habib Metropolitan Bank Limited
The Bank of Punjab

REGISTERED OFFICE
Bungalow No.120 Defence Officers Housing
Scheme, Sher Shah Road, Multan Cantt. Multan
Phone: 92-61-4503620-30
Fax: 92-61-4503640

SHARE REGISTRAR
Hameed Majeed Associates (Pvt) Limited
H.M House 7-Bank square, Lahore.
Tel: 92-42 37235081-82

MILLS
49 KM, Lahore-Multan Road
Chunian, District Kasur.

# Notice of Annual General Meeting

Notice is hereby given that 32nd Annual General Meeting of Shareholders of Ravi Textile Mills Limited will be held on Saturday 27th October, 2018 at 09:00 a.m. at registered office of the company Bungalow No.120 Defence Officers Housing Scheme Sher Shah Road, Multan Cantt. Multan to transact the following business:-

1. To confirm the minutes of the preceding Extraordinary General Meeting of the shareholders of the company held on 15th May, 2018.
2. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2018 together with Directors' and Auditors' reports thereon.
3. To appoint External Auditor for the next year ending June 30, 2019 and fix their remuneration. M/s Riaz Ahmed & Company, Chartered Accountants being eligible for appointment have offered themselves for re-appointment.
4. To transact any other matter with the permission of the chair.

By order of the Board

Multan:
04th October, 2018.

MUNSAF KHAN
Corporate Secretary

Notes:

1. The Members' Register will remain closed from 20th October, 2018 to 27th October 2018 (both days inclusive). Transfers received of the office of the company's Share Registrar M/s Hameed Majeed Associates (Pvt) Limited H.M. House, 7-Bank Square, Lahore by the close of business on 19th October 2018 will be entertained.
2. A Member eligible to attend and vote at this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the registered office not later than 48 hours before the time for holding the meeting.
3. Under the Companies Act 2017 section 134 1(b) members can also attend and participate in the AGM through video-link facility, if members residing the vicinity, collectively holding 10% or more shareholding, provide their consent in writing, to participate in the AGM through video-link at least seven day (07) days prior to date of AGM.
4. Shareholders are requested to immediately notify the change in address, if any. Members who have not submitted copy of valid CNIC are advised to submit the same without further delay to ensure compliance with the Securities and Exchange Commission of Pakistan (SECP) Notification S.R.O. 275(i) 2016 dated March 31, 2016.
5. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by Securities and Exchange Commission of Pakistan.
6. a. For attending the meeting

i). In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his original computerized national identity card (CNIC) or original passport at the time of attending the meeting.

ii). In case of corporate entity the board of directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

b. For Appointing Proxies

i). In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.

ii). The Proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii). Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv). The Proxy shall produce his original CNIC or original passport at the time of the meeting.

v). In case of corporate entity, the board of directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the company.

vi). The financial statements of the company for the year ended 30 June 2018 along with Auditors and Directors Report thereon have been placed on the company's website: www.ravitextile.com

## VISION

To accomplish, build up and sustain a good reputation of the project in textile sector locally and globally by marketing high quality of Yarn through team work by means of honesty, integrity and commitment and to explore and create growth opportunities to maximize return to all stakeholders.

## MISSION

To provide maximum satisfaction to the customers by supplying quality of Yarn for knitting and weaving for well known textile brands through effective utilization of work force, material and machines by encouraging, supporting and rewarding the employees with highest level of efficiency, productivity and profitability sharing with shareholders.

## CORE VALUES

- Merit
- Integrity
- Team Work
- Safety
- Dedication
- Innovation

## GOALS

Financial
- To reduce cost and time over runs to improve financial results.
- To maximize profits by investing surplus funds in profitable avenues.
- To make investment decisions by ranking projects on the basis of best economic indicators.
- Growth and superior return to the stakeholders.

Learning and Growth
- Motivate and train our force, revitalize our equipment base and attain full autonomy in financial and decision making matters.
- To enhance the technical and commercial skills through modern HR management practices.
- Continuously develop technical and managerial skills at all levels and stay abreast of latest technological developments in the industry.

Internal Processes
- To set up task forces with representation from all relevant departments to improve internal business decision making and strategic planning.
- To use most effective business practices and formulate a framework of synergic organization with change in culture.

# Directors' Report to the Shareholders

The directors of your company welcome you to the Annual General Meeting and are pleased to present the company's audited financial statements for the year ended June 30, 2018.

PERFORMANCE REVIEW

The result for the year under review, the company has suffered net loss Rs. 34.780 million after accounting for administrative and general expenses of Rs. 24.694 million including depreciation of Rs. 11.565 million and finance cost of Rs. 11.729 million as compared, to last corresponding year's net loss of Rs. 36.401 million. The operations of the mill were resumed during the year ended 30 June 2015 after more than three years, with the support of directors' loans. However, in August 2015, the operations of mill were again suspended. It is beyond the control of the existing management of the Company to run the Company at an economically viable level due to unfavorable circumstances prevailing in the yarn market, squeezed liquidity position of the company and non-availability of fresh credit facilities from the banks to continue the business operation. Hence, the Company was unable to meet / breached the provisions of restructured financing arrangements with banks during the year under review and hence the long term financing and deferred accrued markup have become payable on demand.

In view of the aforesaid reasons, the Company is not considered a going concern. These financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively.

FUTURE PROSPECTS

The textile industry is passing through sever crisis specially spinning due to high energy cost, schedule and unscheduled extensive load shedding of electricity, high mark up rate charged by the banks and lack of fresh credit facilities from the banks make recommencement of operations of the Company very difficult. The management is fully aware of present challenges facing the textile industry specially spinning. Under the next heading, update has been given on status of disposal of assets and status of implementation of business plan, which makes it clear that future of the Company is dependent upon expected proceeds from disposal of assets.

STATUS OF DISPOSAL OF ASSETS AND STATUS OF IMPLEMENTATION OF BUSINESS PLAN

An Extraordinary General Meeting of the members of the Company was held on Friday, 02 March 2018, at 9:00 a.m. at the registered office of the Company, and shareholders of the Company considered and approved the sale of freehold land, buildings on freehold land, plant and machinery and other assets of the Company located at 49 KM, Lahore-Multan Road, Chunian, District Kasur by passing special resolutions in terms of Section 183(3)(a) of the Companies Act, 2017. Approval was accorded by shareholders for utilization of the proceeds from sale of Assets to partially repay the liabilities of the Company and to utilize the remaining proceeds to start alternate business plan as approved and recommended by the Board of Directors of the Company. The alternate business plan approved and recommended by the Board of Directors of the Company was approved and adopted by the shareholders.

After the aforesaid approvals of the shareholders, progress to-date is as follows:

Tender for disposal of Assets have been published in newspapers having nationwide circulation. A committee of the board of directors comprising of independent and non-executive directors has been constituted and working to ensure transparency in the entire process.

LOSS PER SHARE

Based on net loss for the year ended 30 June 2018, the loss per share for the year ended 30 June 2018 is Rs. 1.39 as compared to loss per share of Rs. 1.46 in the preceding year ended 30 June 2017.

KEY OPERATING AND FINANCIAL DATA

Last six years' data is annexed.

DIVIDENDS

Due to the loss for the current year and in view of accumulated losses, the directors are not able to recommend any dividend.

PATTERN OF SHAREHOLDING

The pattern of shareholdings is annexed under section 227(2) of the Companies Act, 2017 along with additional information.

ENVIRONMENT, HEALTH AND SAFETY

The company maintains safe working conditions avoiding the risk to the health of employees and public at large.

# Directors' Report to the Shareholders

CORPORATE SOCIAL RESPONSIBILITY (CSR)
The Company strongly believes in integration of corporate social responsibility into its business that are influenced directly or indirectly by our business.

MATERIAL CHANGES

There have been no material changes and commitments affecting the financial position of the company which have occurred between 30 June 2018 and 04 October 2018.

IMPACT OF COMPANY'S BUSINESS ON ENVIRONMENT

Your company strives to follow best practices such as paper less environment and conserving energy.

FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk.

BOARD AND ITS MEETINGS

The total number of directors are 07 as per the following:

a. Male: 07
b. Female: 0

The composition of board is as follows:

a) Independent Directors: 04 as named hereunder:
- i. Mr. Aftab Sarwar, Chairman
- ii. Mr. Waseem Ejaz
- iii. Mr. Tahir Majeed
- iv. Mr. Muhammad Shahid

b) Other Non-executive Directors: 02 as named hereunder:
- i. Mr. Aamir Khurshid Chandia
- ii. Mr. Muhammad Riaz

c) Executive Director: 01 as named hereunder:
- i. Mr. Muhammad Waseem-ur-Rehman, Chief Executive

Seven (7) meetings were held from 01 July, 2017 to 30 June 2018 and attended by the directors as follows.

| NAME OF THE DIRECTORS | DESIGNATION | TOTAL ATTENDANCES |
|---|---|---|
| Muhammad Waseem ur Rehman | Chief Executive Officer | 7 |
| Aftab Sarwar | Chairman | 7 |
| Tahir Majeed | Director | 7 |
| Muhammad Shahid | Director | 7 |
| Muhammad Riaz | Director | 7 |
| Aamir Khurshid Chandia | Director | 7 |
| Shahbaz Manzoor | Director (Retired on 15-05-2018) | 6 |
| Waseem Ejaz | Director (Elected on 15-05-2018) | 1 |

Audit Committee Meetings

Four (4) meetings were held from 01 July, 2017 to 30 June 2018 and attended by the members as follows.

| NAME OF THE MEMBERS | DESIGNATION | TOTAL ATTENDANCES |
|---|---|---|
| Tahir Majeed | (Independent Director/ Chairman appointed 24-05-2018) | 0 |
| Muhammad Shahid | (Independent Director/ Chairman) | 4 |
| Aftab Sarwar | (Independent Director/ Member) | 4 |
| Muhammad Riaz | (Non-Executive Director/ Member) | 4 |

# Directors' Report to the Shareholders

Human Resource and Remuneration (HR&R) Committee Meetings

One (1) meeting was held from 01 July, 2017 to 30 June 2018 and attended by the members as follows.

| NAME OF THE MEMBERS | DESIGNATION | | TOTAL ATTENDANCES |
|---|---|---|---|
| Muhammad Shahid | (Independent Director/ Chairman) appointed | (24-05-2018) | 0 |
| Tahir Majeed | (Independent Director/ Chairman) retired | (24-05-2018) | 1 |
| Muhammad Shahid | (Independent Director/ Member) | | 1 |
| Muhammad Riaz | (Non-Executive Director/ Member) | | 1 |

AUDITORS

The present Auditors, M/s Riaz Ahmad & Company, Chartered Accountants retire and being eligible for appointment have offered themselves for re-appointment. The Audit committee and Board of Directors have recommended their appointment for the next year ending on 30th June, 2019.

DIRECTORS' STATEMENT

Directors are pleased to report that:

a. The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity. Owing to non-going concern assumption and the financial reporting requirements, the financial statements have been prepared on the basis of estimated realizable (settlement) value of asset and liabilities respectively.
b. Proper books of accounts have been maintained by the Company.
c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
d. The International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and departures there from, if any, has been adequately disclosed and explained.
e. The system of internal control is sound in design and has been effectively implemented and monitored.
f. The significant doubts upon the Company's ability to continue as a going concern have been adequately disclosed in Note No.1.3 to the financial statements.
g. Except as mentioned in Auditor's Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017, there has been no material departure from the best practices of Corporate Governance.
h. There are no statutory payments on account of taxes, duties, levies and charges that are outstanding as on June 30, 2018 except for those disclosed in the financial statements.

ANNUAL BOARD PERFORMANCE EVALUATION

The Board considers its performance assessment as a key contributor to good governance as it provides feedback from the Directors on their perceptions of how the Board is currently performing its role and responsibilities. Envisaging the same, the Board devised in-house questionnaires based on emerging and leading practices to assist performance of the board as a whole, of its committees and of its members. The Company Secretary presents the summarized report for discussion and review of the Board annually.

DIRECTORS' REMUNERATION

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance (CCG), it is ensured that no Director takes part in deciding his own remuneration. The Company does not pay remuneration to non-executive directors. In order to retain the best talent, the Company's remuneration policies are structured in line with prevailing industry trends and business practices. For information on remuneration of Directors in 2017-18, please refer to notes to the Financial Statements.

ACKNOWLEDGEMENT

The directors would like to place on record their appreciation for services rendered by the employees of the company who have contributed their optimum skills and hope that the same spirit of devotion will continue in future. In addition, we thank our bankers for supporting and stakeholders for trusting us.

On behalf of the board

MUHAMMAD WASEEM UR REHMAN
CHIEF EXECUTIVE

DIRECTOR

Multan: October 04, 2018

# ڈائریکٹران کی رپوٹ حصہ دارن کے لئے

آ پکی کمپنی کے ڈائریکٹران آپ کوخوش آمدید کہتے ہیں حصہ دارن کے سالانہ اجلاس عام میں اور بخوشی پیش کرتے ہیں آڈٹ مالیاتی دستاوزات کوسال ختم ہوا ہے 30 جون 2018 کے لئے۔

## کارکردگی کا جائزہ

نتیجہ زیر غور رہتا ہے کہ کمپنی نے صافی خسارہ 34.780 ملین روپے کیا ہے جوکہ انتظامی اور عام اخراجات 24.694 ملین روپے بشمول مشینری کی گھسائی 11.729 ملین روپے کی منہا کے بعد ہے۔ بمقابلہ گزشتہ سال کے صافی خسارہ 36.401 ملین روپے ہوا تھا۔ملز کو چلانے کی کاروائی سال 30 جون 2015 میں ہوئی تھی جوکہ تین سال سے زیادہ عرصہ گزارنے کے بعد ڈائریکٹران کے کمپنی کو قرضہ سے کی تھی۔ تاہم اگست 2015 میں ملز دوبارہ بند ہوگئی تھی۔ کمپنی کی موجودہ انتظامیہ کے لئے مشکل ہوگیا ہے کے وہ کمپنی کو منافع بخش طریقہ سے چلائے کیونکہ دھاگے کی مارکیٹ میں غیر موزوں حالات ہیں کمپنی کی سکڑی ہوئی نقد مالی صورت حال اور یہ کہ بنکوں نے بھی مالی قرضہ جات کی نئی سہولت نہیں دی ہے جس سے کاروبارہ کو جاری رکھا جائے۔اس واسطے سے کمپنی اس قابل نہیں تھی کہ وہ بینکوں سے دوبارہ ترتیب دیئے ہوئے فنانس انتظامات کی شقوں کو پورا کرتی دوران جائزہ سال میں اس وجہ سے لانگ ٹرم فنانس اور ڈیفرڈ اکروڈ مارک اپ تمام قابل طلب بن چکا ہے۔

مندرجہ بالا وجوہات پر کمپنی کے کاروبار کو رواں دواں تصور نہیں کیا گیا ہے۔ کمپنی کی مالی دستاویزات کو غیر یقینی بنیاد پر اندازہ شدہ اثاثے واداٸیگیوں کو محاصل قابل ادائیگی کی بنیاد پر پیش کیا ہے۔

## مستقبل کے امکانات

ٹیکسٹائل انڈسٹری خاص طور سے دھاگہ بنانے والی شدید بحران کا شکار ہے۔ بجلی کی بڑھتی ہوئی قیمت، اعلانیہ، غیر اعلانیہ بجلی کی لوڈشیڈنگ، قرضہ جات پر انتہائی منافع کا ریٹ اور بنکوں کی طرف سے قرضہ جات نہ دینے کے فقدان نے کمپنی کے دوبارہ کاروبار شروع کرنا مشکل بنا دیا ہے۔ کمپنی کی انتظامیہ پوری طرح باخبر ہے ان حالات سے جس کا ٹیکسٹائل انڈسٹری خاص طور سے دھاگہ بنانے والی سامنا کر رہی ہے۔ درج زیل اگلی شہ سرخی میں اثاثہ جات فروخت کے متعلق اور مذورہ کاروباری منصوبے کی کارکردگی موجودہ صورت حال یہ بات واضع کرتی ہے کہ کمپنی کا مستقبل اثاثہ جات کی فروخت سے حاصل شدہ رقم پر منحصر ہے۔

## اثاثوں کی فروخت اور عمل درآمد کاروباری منصوبہ کی صورتحال

کمپنی کے ممبران کا ایک غیر معمولی اجلاس مورخہ 2 مارچ بروز جمعہ 2018 صبح 9 بجے کمپنی کے رجسٹرڈ آفس میں منعقد ہوا جس میں ممبران نے غور خوص کیا اور منظوری دی اثاثوں کو فروخت کرنے کی جس میں فری ہولڈرز مین، بلڈنگ، فری ہولڈز مین، پلانٹ اور مشینری و دیگر اثاثے کمپنی واقع ہیں 49 کلو میٹر لاہور ملتان روڈ، چونیاں، ضلع قصور بذریعہ خاص قرارداد انڈر سیکشن (a)(3)183 کمپنی ایکٹ 2017 کے تحت۔ ممبران نے منظوری اس بات کی بھی دی ہے کہ اثاثوں کی فروخت سے حاصل شدہ رقم کے ایک حصے سے کمپنی کی ذمہ داریوں کی ادائیگی کی جائے اور بقایا رقم سے متبادل کاروبار جوکہ کمپنی کے بورڈ نے سفارش اور منظور کیا ہے شروع کیا جائے۔ متبادل کاروبار جوکہ کمپنی کے بورڈ نے سفارش اور منظور کیا ہے وہ ممبران کمپنی نے منظور کر کے اپنا لیا ہے۔

ممبران کی مذکورہ بالا منظوری کے بعد کی کارکردگی درج ذیل ہے۔

ٹینڈرز برائے اثاثے فروخت قومی اخبارات میں پورے ملک میں شائع ہو چکے ہیں۔ ایک کمیٹی بنادی ہے جوکہ بورڈ آف ڈائریکٹرز کے انڈیپنڈنٹ اور نان ایگزیکٹو ڈائریکٹران پر مشتمل ہے جو تمام تر عمل کے شفاف ہونے کی نگرانی کو یقینی بنائے گی۔

## خسارہ فی حصص

صافی خسارہ کی بنیاد 30 جون 2018 کے لیے ہے۔ خسارہ فی حصص 30 جون 2018، 1.39 روپے بمقابلہ خسارہ فی حصص 1.46 روپے برائے گزشتہ مالی سال 30 جون 2017۔

**اہم اعداد و شمار**

کاروبار کی مالی حالات کا گزشتہ چھ سال کے اعداد و شمار منسلک ہے۔

**منافع منقسمہ**

موجودہ سال میں خسارے کی وجہ ڈائریکٹران منافع منقسمہ کی سفارش کرنے سے قاصر ہیں۔

**ترتیب حصے داران**

ترتیب حصے داران رپورٹ سے منسلک ہے شق (2)227 کمپنی ایکٹ 2017 ہمراہ اضافی معلومات کے ساتھ۔

**ماحول، صحت اور تحفظ**

کمپنی صحت کے حفاظتی اقدامات کر رہی ہے تاکہ ملازمین اور عوام الناس کی صحت کو خطرات سے محفوظ ہوں۔

**کارپوریٹ سماجی ذمہ داری (CSR)**

کمپنی کا مضبوط اعتقاد ہے کہ وہ کارپوریٹ ماحول میں سماجی ذمہ داری کو پورا کرے جو کہ اس کے کاروبار سے واسطہ یا بلاواسطہ تعلق رکھتی ہیں۔

**مادی تبدیلی**

ایسی کوئی مالی تبدیلی یا واعدہ نہیں ہوا ہے جو کہ کمپنی کی مالی دستاویزات 30 جون 2018 سے 04 اکتوبر 2018 کی پوزیشن کو متاثر کرتی ہے۔

**کمپنی کے کاروبار کا ماحولیاتی اثر**

آپ کی کمپنی کی کوشش ہے کہ وہ بہترین اصولوں پر چلے۔ جیسے کہ پیپر سے پاک ماحول اور بجلی کی بچت وغیرہ شامل ہیں۔

**مالی خطرے کا انتظام**

کمپنی کی کارکردگی سے بہت سا مالی خطرہ ظاہر ہوتا ہے۔ مارکیٹ خطرے میں شامل ہے روپے کی قدر قیمتوں اور سود کے ریٹ کا خطرہ ادھار اور نقد کا خطرہ کمپنی کا تمام تر انتظامی پروگرام غیر یقینی مالی مارکیٹ کے خطرات کو کم کرنے پر مرکوز ہے۔ مالی خطرات کی انتظامیہ فنانس ڈیپارٹمنٹ کے تحت بورڈ آف ڈائریکٹرز کی منظور شدہ حکمت عملی پر گامزن ہے۔ فنانس ڈیپارٹمنٹ مالی خطرات کا تجزیہ کر کے سدِ باب تجویز کرتا ہے۔ بورڈ نے ہر طرح کے خطرات کے لیے اصول بنائے ہیں اور حکمت عملی کی خاص پالیسی جو کہ روپے کی قدر اور دوسری قیمتوں منافع ریٹ ادھار اور نقد کا تعین کرتی ہے

**بورڈ اور اس کے اجلاس**

ڈائریکٹرز کی کل تعداد 7 ہے جو درج ذیل ہیں

ا۔ مرد 7 ب۔ مستورات 0

بورڈ کی ترتیب درج ذیل ہے

ا۔ انڈیپنڈنٹ ڈائریکٹر 04 جن کے نام درج ذیل ہیں۔

1۔ آفتاب سرور 2۔ وسیم اعجاز 3۔ طاہر مجید 4۔ محمد شاہد

ب۔ دوسرے نان ایگزیکٹیو ڈائریکٹر 02 جن کے نام درج ذیل ہیں۔

1۔ عامر خورشید چانڈیا 2۔ محمد ریاض

پ۔ ایگزیکٹیو ڈائریکٹر 01 جن کا نام درج ذیل ہے۔

1۔ محمد وسیم الرحمن (چیف ایگزیکٹیو).

سات اجلاس ہوئے ہیں، 01 جولائی 2017 سے 30 جون 2018 اور درج ذیل ڈائریکٹران کی حاضری

| نام ڈائریکٹران | عہدہ | کل حاضری |
|---|---|---|
| محمد وسیم الرحمٰن | چیف ایگزیکٹو آفیسر | 7 |
| آفتاب سرور | چیئرمین | 7 |
| طاہر مجید | ڈائریکٹر | 7 |
| محمد شاہد | ڈائریکٹر | 7 |
| محمد ریاض | ڈائریکٹر | 7 |
| عامر خورشید چانڈیا | ڈائریکٹر | 7 |
| شہباز منظور (ریٹائرڈ 15.05.2018) | ڈائریکٹر | 6 |
| وسیم اعجاز (منتخب 15.05.2018) | ڈائریکٹر | 1 |

**آڈٹ کمیٹی اجلاس**

چار اجلاس ہوئے ہیں، 01 جولائی 2017 سے 30 جون 2018 اور درج ذیل ممبران کی حاضری

| نام ممبران | عہدہ | کل حاضری |
|---|---|---|
| طاہر مجید (منتخب 24.05.2018) | انڈیپینڈنٹ ڈائریکٹر/چیئرمین | 0 |
| محمد شاہد (ریٹائرڈ 24.05.2018) | انڈیپینڈنٹ ڈائریکٹر/چیئرمین | 4 |
| آفتاب سرور | انڈیپینڈنٹ ڈائریکٹر/ممبر | 4 |
| محمد ریاض | نان ایگزیکٹیو ڈائریکٹر/ممبر | 4 |

**ہیومن ریسورس اینڈ ریمنریشن (HR & R) کمیٹی**

ایک اجلاس ہوا ہے، 01 جولائی 2017 سے 30 جون 2018 اور درج ذیل ممبران کی حاضری

| نام ممبران | عہدہ | کل حاضری |
|---|---|---|
| محمد شاہد (منتخب 24.05.2018) | انڈیپینڈنٹ ڈائریکٹر/چیئرمین | 0 |
| طاہر مجید (ریٹائرڈ 24.05.2018) | انڈیپینڈنٹ ڈائریکٹر/چیئرمین | 1 |
| محمد ریاض | نان ایگزیکٹیو ڈائریکٹر ممبر | 1 |
| آفتاب سرور | انڈیپینڈنٹ ڈائریکٹر/ممبر | 1 |

**آڈیٹرز**

میسرز ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنس ریٹائرڈ ہو گئے اور اہل ہونے کی بنیاد پر خود کو پیش کرتے ہیں دوبارہ تقرری کے لیے آڈٹ کمیٹی اور بورڈ نے ان کی تقرری آنے والے سال ختم ہوگا 30 جون 2019 کے لیے سفارش کی ہے۔

**ڈائریکٹران کا بیانیہ**

ڈائریکٹران خوشی بیان کرتے ہیں۔

ا۔ کمپنی کے لیاتی حسابات کی دستاویزات جو کہ اس کی انتظامیہ نے تیار کی جن میں آپریٹنگ نتائج، نقدی بہاؤ، ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں کمپنی کے کاروبار بند ہونے کے مفروضے کی وجہ سے، الیاتی دستاویزات کو اندازہ شدہ اثاثہ کی ماحصل رقم اور قابل ادائیگی ذمہ داریوں کی مطابقت سے بنایا ہے۔

ب۔ کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

ت۔ مالیاتی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

ث۔ مالیاتی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ معیارات کی پیروی کی گئی ہے اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔

ٹ۔ اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اس کی موثر طریقے سے عمل درآمد اور نگرانی کی جاتی ہے۔

ج۔ کمپنی کے رواں دواں رہنے کی ظاہری صلاحیت پر شک وشبہات کو مالی حسابات کی دستاویزت میں نوٹ نمبر 1.3 میں مناسب طریقے سے ظاہر کیا گیا ہے۔

چ۔ سوائے آڈیٹر رپورٹ اعتراضات برائے اسٹیٹمنٹ آف کمپلائنس بامطابق لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017 کی بنیاد پر کسی بھی اور بنیاد سے انحراف نہیں کیا ہے۔

ح۔ کوئی ایسی قانونی ادائیگی جو کہ ٹیکس، ڈیوٹی، سرکاری واجبات اور سرچارج قابل ادا نہیں ہیں 30 جون 2018 تک سوائے جو کہ مالیاتی دستاویزات میں ظاہر کر دیے گئے ہیں۔

**بورڈ کی کارکردگی کا سالانہ جائزہ**

بورڈ نے اپنی کارکردگی پر غور کیا اور جانچا بطور اہم گڈ گورننس کے اس کی بنیاد ڈائریکٹران کی اپنی تجاویزات ہیں جو انھوں نے بنائی کہ کس طرح کی موجودہ کارکردگی اور ذمہ داری کو ادا کیا ہے۔ اسطرح بالمقابل بورڈ نے تجویز کیا سوال نامہ جو کہ سامنے آیا ہے اس کارکردگی کے دوران اور مددگار ثابت ہوگا تمام بورڈ اسکی کمیٹیوں اور ممبران کے لئے۔ کمپنی سیکریٹری نے اسکی خلاصہ رپورٹ بحث ومباحثہ کے لئے بورڈ کو جائزہ کے لئے پیش کی جس پر بورڈ نے سالانہ جائزہ لیا۔

**ڈائریکٹران ریمنریشن**

بورڈ ممبران کی ریمنریشن بورڈ نے خود منظوری دی ہے تاہم کوڈ آف کارپوریٹ گورننس (CCG) کے مطابق اس بات کو یقینی بنایا ہے کہ کوئی ڈائریکٹر اپنی ریمنریشن کے تعین میں خود حصہ نہ لے۔ کمپنی کسی بھی نان ایگزیکٹیو ڈائریکٹر کو کوئی ریمنریشن ادا نہیں کرتی ہے۔ بہترین صلاحیت کو یقینی بنانے کے لئے کمپنی ریمنریشن پالیسیوں کو انڈسٹری میں موجود رجحان اور کاروباری طور وطریقے کے مطابق ہے۔ ڈائریکٹر کی ریمنریشن 18-2017 کو جاننے کے لئے مالیاتی دستاویزات میں بطور نوٹ درج ہیں۔

**اعتراف**

کمپنی کے ڈائریکٹران کمپنی کے ملازموں کی خدمات کا اعتراف کرتے ہوئے یہ بات ریکارڈ پر درج کرتے ہیں کہ یہ ملازمین اپنی صلاحیتوں اور محنت کی لگن کو آئندہ بھی جاری رکھیں گے۔ ہم اپنے بینکوں اور ہماری کمپنی پر اعتماد رکھنے والوں کے شکر گزار ہیں کہ وہ آئندہ بھی ہم پر بھروسہ کریں گے۔

منجانب بورڈ

| | |
|---|---|
| محمد وسیم الرحمٰن | محمد ریاض |
| (چیف ایگزیکٹو) | (ڈائریکٹر) |

ملتان۔ 04 اکتوبر 2018

# *Chairman's Report*

*Review Report by Chairman u/s 192 Of The Companies Act 2018*

The board members diligently performed their duties and thoroughly reviewed, discussed and approved business strategies, Corporate Objectives, Plans, Financial Statements and other reports. All the significant issues throughout the year were presented before the Board regularly by the management, internal and external auditors and other independent consultants. The non-executive and independent directors were equally involved in important committees and Board decisions. The Board has exercised its powers in accordance with the laws and regulations applicable on the company. All the directors on the Board are fully conversant with their duties and responsibilities as directors of the company. Two (2) directors of the company have obtained mandatory certification under directors training program offered by specified Institutions. Remaining directors of the company will complete directors' training program within the time allowed by CCG. During the year under review the overall performance of the Board on basis of approved criteria was satisfactory.

| | |
|---|---|
| Multan: | Aftab Sarwar |
| October 04, 2017 | Chairman/Director |

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# چیئرمین رپورٹ

جائزہ رپورٹ چیئرمین انڈر سیکشن 192 کمپنی ایکٹ 2017

بورڈ ممبران نے اپنی ڈیوٹی کو جانفشانی سے انجام دیا بذریعہ جائزہ، طے شدہ اور منظور شدہ کاروباری حکمت عملی پر بحث ومباحثہ کر کے، کارپوریٹ مقاصد، منصوبے و مالیاتی دستاویزات اور دوسری رپورٹوں کے مطالعہ سے۔ تمام تر اہم معاملات کو پورے سال تواتر سے کمپنی انتظامیہ نے بورڈ کے سامنے پیش کیا انٹرنل آڈٹ، ایکسٹرنل آڈٹ اور دوسرے ماہر کے مشورہ سے۔ نان ایگزیکٹیو اور انڈیپینڈنٹ ڈائریکٹران برابر شامل ہیں کمیٹیوں اور بورڈز کے اہم فیصلوں میں۔ بورڈ نے اپنے اختیارات کو قانون اور ضابطوں کے مطابق جو کہ کمپنی پر لاگو ہوتے ہیں استعمال کیا۔ تمام ڈائریکٹران بورڈ باحیثیت ڈائریکٹر اپنی ڈیوٹی اور ذمہ داریوں سے پوری طرح آگاہ ہیں۔ کمپنی کے دو ڈائریکٹران نے قانونی سرٹیفیکیشن زیرانتظام ڈائیریکٹر ٹریننگ پروگرام مخصوص اداروں سے کی ہوئی ہے۔ باقی ڈائریکٹران کمپنی ٹریننگ پروگرام کے تحت (CCG) کے مقررہ کردہ وقت میں مکمل کرلیں گے۔ دوران زیر جائزہ سال بورڈ کی تمام تر کارکردگی تسلی بخش ہے بورڈ کے منظور شدہ احاطے کے مطابق۔

آفتاب سرور

چیئرمین/ڈائریکٹر

ملتان۔ 04 اکتوبر 2018

# Six Years at a Glance

(Rs. in '000)

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|---|
| Sales | - | - | 42,397 | 258,033 | - | - |
| Cost of Sales | - | - | (77,437) | (346,762) | - | - |
| Gross Profit(Loss) | - | - | (35,040) | (88,729) | - | - |
| Administrative General Expenses | (24,694) | (32,556) | (9,167) | (12,290) | (37,875) | (26,842) |
| Other Expenses | - | (443) | (43) | (69) | (4,631) | (898) |
| Finance Cost | (11,729) | (7,705) | (14,943) | (10,251) | (9,791) | (10,194) |
| Other Income | 718 | 3,493 | 8,597 | 43,419 | 5,368 | 7,260 |
| Profit(Loss) before taxation | (35,705) | (37,211) | (50,596) | (67,920) | (46,929) | (30,674) |
| Provision for taxation | 925 | 810 | 268 | 1,232 | 1,969 | - |
| Profit(Loss) after taxation | (34,780) | (36,401) | (50,328) | (66,688) | (44,960) | (30,674) |
| | | | | | | |
| Balance Sheet | | | | | | |
| Share Capital | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| Reserves | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 |
| Accumulated Loss | (586,760) | (554,964) | (523,241) | (477,373) | (414,980) | (373,842) |
| Share Deposit Money | - | - | - | - | - | - |
| Surplus on revaluation of Assets | 147,403 | 149,492 | 153,211 | 182,376 | 187,751 | 188,034 |
| Shareholders' Equity | (180,357) | (146,472) | (111,030) | (35,997) | 31,771 | 73,192 |
| Non-current Liabilities | 16,842 | 59,894 | 79,790 | - | - | - |
| Current Liability and Provision | 364,622 | 298,680 | 263,716 | 345,455 | 247,796 | 219,979 |
| Total | 201,107 | 212,102 | 232,476 | 309,458 | 279,567 | 293,171 |
| Fixed Assets – Tangible | - | 206,552 | 226,565 | 252,836 | 271,712 | 281,190 |
| Long Term Security Deposits | 266 | 270 | 270 | 390 | 330 | 269 |
| Current Assets | 5,854 | 5,280 | 5,641 | 56,232 | 7,525 | 11,712 |
| Non-current assets held for sale | 194,987 | - | - | - | - | - |
| Total | 201,107 | 212,102 | 232,476 | 309,458 | 279,567 | 293,171 |

# Statement of Ethics and Business Practices

The entire organization of Ravi Textile Mills Limited will be guided by the following principles in all activities to achieve the company's objectives:-

Directors:

- Commit themselves to all the necessary and appropriate resources;
- Create a conductive environment through healthy and responsive policies;
- Maintain organizational effectiveness for the achievement of the company goals;
- Encourage and support compliance of legal and industry requirements;
- Protect the interest and assets of the company;

Executives and Managers:

- Ensure the profitability of operations;
- Provide the direction and leadership for the organization;
- Ensure total customer satisfaction through excellent product and service;
- Promote a culture of excellence, conversation, and continual improvement;
- Cultivate work ethics and harmony among colleagues and associates;
- Encourage initiative and self realization in employees through meaningful empowerment;
- Ensure an equitable way of working and reward system;
- Institute commitment of environmental, health and safety performance.

Employees and staff will:

- Devote their time and efforts to productive activities;
- Observe company policies and regulations;
- Promote and protect the interest of the company;
- Exercise prudence in using company resources;
- Observe cost effective practice in daily activities;
- Strive for excellence and quality;
- Avoid making personal gain (other than authorized salary and benefits) at the Company's expenses, participating in or assisting activities which complete with work of any customer or supplier of Ravi Textile Mills Ltd. and to hold any interest in a customer, supplier, agent or competitor.

# Statement Of Compliance With Listed Companies (Code Of Corporate Governance) Regulations, 2017

NAME OF COMPANY: RAVI TEXTILE MILLS LIMITED
YEAR ENDED: JUNE 30, 2018

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 07as per the following:

a. Male: 07
b. Female: 0

2. The composition of board is as follows:

a) Independent Directors: 04 as named hereunder:
   i. Mr. Aftab Sarwar, Chairman
   ii. Mr. Waseem Ejaz
   iii. Mr. Tahir Majeed
   iv. Mr. Muhammad Shahid

b) Other Non-executive Directors: 02 as named hereunder:
   i. Mr. Aamir Khurshid Chandia
   ii. Mr. Muhammad Riaz

c) Executive Director: 01 as named hereunder:
   i. Mr. Muhammad Waseem-ur-Rehman, Chief Executive

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has arranged Directors' Training program for the following:

   Directors:
   Mr. Tahir Majeed
   Mr. Muhammad Waseem-ur-Rehman

# *Statement Of Compliance With Listed Companies (Code Of Corporate Governance) Regulations, 2017*

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

a) Audit Committee (Name of members and Chairman)

i. Mr. Tahir Majeed (Independent Director and Chairman of Board's Audit Committee)
ii. Mr. Muhammad Riaz (Non-Executive Director and Member of Board's Audit Committee)
iii. Mr. Aftab Sarwar (Independent Director and Member of Board's Audit Committee)

b) HR and Remuneration Committee (Name of members and Chairman)

i. Mr. Muhammad Shahid (Independent Director and Chairman of Board's HR&R Committee)
ii. Mr. Tahir Majeed (Independent Director and Member of Board's HR&R Committee)
iii. Mr. Muhammad Riaz (Non-Executive Director and Member of Board's HR&R Committee)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
a) Audit Committee: 04 meetings held during the year ended 30 June 2018
b) HR and Remuneration Committee: 01 meeting held during the year ended 30 June 2018

15. The board has set up an effective internal audit function which is considered suitably qualified, experienced for the purpose and conversant with the policies and procedures of the Company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Signature
(AFTAB SARWAR)
Chairman

# *Independent Auditor's Modified Review Report*

**To the members of Ravi Textile Mills Limited**

**Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Ravi Textile Mills Limited (the Company) for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017 (the Act). We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instances of non-compliance with the requirements of the Regulations were observed which are not stated in the Statement of Compliance:

(i) The board has approved appointment of same person as chief financial officer and company secretary of the Company. The terms of reference of the two positions are distinct. Therefore, separate persons should handle the functions of the chief financial officer and company secretary within the Company.

(ii) Regulation 28(2)(a) of the Regulations requires that the audit committee shall meet at least once every quarter of the financial year. However, we noted that audit committee did not meet in the first quarter of the year ended 30 June 2018. Further, the Board of the Company did not meet in the first quarter of the year ended 30 June 2018.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended 30 June 2018.

**RIAZ AHMAD & COMPANY**
**Chartered Accountants**

**LAHORE**

**Date: October 04, 2018**

# Independent Auditor’s Report
# To the members of Ravi Textile Mills Limited
# Report on the Audit of the Financial Statements

## Opinion

We have audited the annexed financial statements of Ravi Textile Mills Limited ('the Company'), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan ('the Code') and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of Matter

We draw attention to note 1.3 to the financial statements, which states that the Company is no longer a going concern, therefore, these financial statements have been prepared on the basis of estimated realisable / settlement values of assets and liabilities respectively. Our opinion is not modified in respect of this matter.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

| Sr. No. | Key audit matters | How the matters were addressed in our audit |
|---|---|---|
| 1. | Preparation of financial statements using non-going concern basis of accounting<br><br>The Company is no longer a going concern, therefore, these financial statements have been prepared on the basis of estimated realisable / settlement values of assets and liabilities respectively. Estimated realisable / settlement values are based on the management’s best estimateand valuations carried out by the independent valuer. Estimation involves judgements based on the latest available, reliable information, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In future, these estimates may need revision if changes occur in the circumstances on which the estimates are based or as a result of new information. Hence, the ultimate values at which | Our procedures included, but were not limited to:<br><br>? We checked compliance with "Guidelines on the Basis of Preparation of Financial Statements for Companies that are Not Considered Going Concern" issued by The Institute of Chartered Accountants of Pakistan.<br><br>? We obtained the valuation report to assess the reasonableness and the accuracy of the source data adopted by the management and the valuer.<br><br>? We obtained an understanding of the valuation process and techniques adopted by the valuer to assess if they are consistent |

# Independent Auditor's Report
## To the members of Ravi Textile Mills Limited
## Report on the Audit of the Financial Statements

| Sr. No. | Key audit matters | How the matters were addressed in our audit |
|---|---|---|
| | assets will be realised and liabilities will be settled may be different from those carried in these financial statements. Therefore, we identified preparation of financial statements using non-going concern basis of accounting as a key audit matter specially with reference to the estimates and judgments associated with the determination of estimated realisable / settlement values of assets and liabilities respectively.<br><br>For further information, refer to summary of significant accounting policies, note 2.1(c) and note 2.1(d)to the financial statements. | with industry norms.<br><br>? We tested how management made the estimates of realisable / settlement values of assets and liabilities respectively and the data on which it is based.<br><br>? We tested the operating effectiveness of the controls over how the management made the estimate, together with appropriate substantive procedures.<br><br>? We considered events occurring up to the date of our report to obtain audit evidence regarding the estimates.<br><br>? We ensured that where the shareholders of the Company have approved to dispose of any assets, these have been classified as non-current assets held for sale.<br><br>? We ensured that non-current assets are measured at the lower of their carrying amounts and fair value less cost to sell.<br><br>? We confirmed that any upsides in the carrying amounts of assets have been properly calculated and disclosed in the financial statements and not recognized in the statement of profit or loss. |
| 2. | Preparation of financial statements under the Companies Act, 2017<br><br>The Companies Act 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.<br><br>The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.<br><br>In case of the Company, specific additional disclosures, changes to the existing disclosures and effects of change in accounting policy of surplus on revaluation of operating fixed assets have been included in the financial statements.<br><br>The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.<br><br>For Further information, refer to summary of significant accounting policies, note 2.1(b) and note 2.3(b) to the financial statements. | Our procedures included, but were not limited to:<br><br>? We assessed the procedures applied by the management for identification of the changes required in the financial statements due the application of the Act.<br><br>? We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements.<br><br>? We verified on test basis the supporting evidences for the additional disclosures and ensured appropriateness of the disclosures made. |

# Independent Auditor's Report
# To the members of Ravi Textile Mills Limited
# Report on the Audit of the Financial Statements

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Company and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# Independent Auditor's Report
# To the members of Ravi Textile Mills Limited
# Report on the Audit of the Financial Statements

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Syed Mustafa Ali.

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: October 04, 2018

# Statement of Financial Position
## as at 30 June 2018

| | Note | 2018 Rupees | 2017 (Restated) Rupees | 2016 (Restated) Rupees |
|---|---|---|---|---|
| EQUITY AND LIABILITIES | | | | |
| SHARE CAPITAL AND RESERVES | | | | |
| Authorised share capital 30,000,000 (2017: 30,000,000) ordinary shares of Rupees 10 each | | 300,000,000 | 300,000,000 | 300,000,000 |
| Issued, subscribed and paid-up share capital | 3 | 250,000,000 | 250,000,000 | 250,000,000 |
| Capital reserve: | | | | |
| Surplus on revaluation of operating fixed assets - net of deferred tax | 4 | 147,402,574 | 149,492,853 | 153,210,788 |
| Revenue reserve - general reserve | 4 | 9,000,000 | 9,000,000 | 9,000,000 |
| Accumulated loss | 4 | (586,759,690) | (554,964,199) | (523,241,325) |
| Total equity | | (180,357,116) | (146,471,346) | (111,030,537) |
| LIABILITIES | | | | |
| NON-CURRENT LIABILITIES | | | | |
| Long term financing | 6 | - | 25,057,216 | 42,570,546 |
| Deferred accrued mark up | 7 | - | 16,546,338 | 16,663,738 |
| Deferred income tax liability | 8 | 13,654,747 | 15,223,229 | 17,629,028 |
| Employees' retirement benefit | 9 | 3,186,955 | 3,067,087 | 2,927,047 |
| | | 16,841,702 | 59,893,870 | 79,790,359 |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | 10 | 192,834,757 | 174,404,058 | 154,246,174 |
| Accrued mark-up | 11 | 30,532,601 | 5,374,430 | 1,685,261 |
| Loan from ex-chief executive | 12 | 832,223 | 832,223 | 832,223 |
| Loans from directors | 13 | 91,786,220 | 91,786,220 | 91,786,220 |
| Current portion of long term financing | 6 | 47,430,065 | 24,384,780 | 12,852,023 |
| Unclaimed dividend | | 1,034,090 | 1,034,300 | 1,034,300 |
| Provision for taxation | | 172,390 | 863,857 | 1,280,377 |
| | | 364,622,346 | 298,679,868 | 263,716,578 |
| Total liabilities | | 381,464,048 | 358,573,738 | 343,506,937 |
| CONTINGENCIES AND COMMITMENTS | 14 | - | - | - |
| TOTAL EQUITY AND LIABILITIES | | 201,106,932 | 212,102,392 | 232,476,400 |

The annexed notes form an integral part of these financial statements.

| | Note | 2018 Rupees | 2017 (Restated) Rupees | 2016 (Restated) Rupees |
|---|---|---|---|---|
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Fixed assets | 15 | - | 206,552,100 | 226,565,279 |
| Long term security deposits | | 266,340 | 270,340 | 270,340 |
| | | 266,340 | 206,822,440 | 226,835,619 |
| CURRENT ASSETS | | | | |
| Stock-in-trade | | - | - | 10,000 |
| Stores, spare parts and loose tools | 16 | 2,481,055 | 2,645,212 | 2,650,610 |
| Trade debts | 17 | - | - | 217,267 |
| Advances | 18 | 1,826,848 | 2,579,276 | 2,498,355 |
| Short term prepayments | | - | 38,938 | 59,044 |
| Other receivable | 19 | - | - | - |
| Bank balances | 20 | 1,545,458 | 16,526 | 205,505 |
| | | 5,853,361 | 5,279,952 | 5,640,781 |
| Non-current assets held for sale | 21 | 194,987,231 | - | - |
| | | 200,840,592 | 5,279,952 | 5,640,781 |
| TOTAL ASSETS | | 201,106,932 | 212,102,392 | 232,476,400 |

CHIEF EXECUTIVE OFFICER　　DIRECTOR　　CHIEF FINANCIAL OFFICER

# *Statement of Profit or Loss*
# *for the year ended 30 June 2018*

| | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| SALES | | - | - |
| COST OF SALES | | - | - |
| GROSS PROFIT / (LOSS) | | - | - |
| ADMINISTRATIVE AND GENERAL EXPENSES | 22 | (24,694,237) | (32,556,550) |
| OTHER EXPENSES | 23 | - | (443,062) |
| | | (24,694,237) | (32,999,612) |
| | | (24,694,237) | (32,999,612) |
| OTHER INCOME | 24 | 718,290 | 3,493,296 |
| LOSS FROM OPERATIONS | | (23,975,947) | (29,506,316) |
| FINANCE COST | 25 | (11,729,235) | (7,704,748) |
| LOSS BEFORE TAXATION | | (35,705,182) | (37,211,064) |
| TAXATION | 26 | 925,238 | 810,343 |
| LOSS AFTER TAXATION | | (34,779,944) | (36,400,721) |
| LOSS PER SHARE - BASIC AND DILUTED | 27 | (1.39) | (1.46) |

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER　　DIRECTOR　　CHIEF FINANCIAL OFFICER

# Statement of Comprehensive Income
# for the year ended 30 June 2018

| | 2018 | 2017 (Restated) |
|---|---|---|
| | Rupees | Rupees |
| LOSS AFTER TAXATION | (34,779,944) | (36,400,721) |
| OTHER COMPREHENSIVE INCOME | | |
| Items that will not be reclassified to profit or loss: | | |
| Gain on revaluation of operating fixed assets | - | 76,472 |
| Deferred income tax | - | (22,942) |
| | - | 53,530 |
| Remeasurement of defined benefit obligation | 423,320 | 399,705 |
| | 423,320 | 453,235 |
| Items that may be reclassified subsequently to profit or loss | - | - |
| Other comprehensive income for the year | 423,320 | 453,235 |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | (34,356,624) | (35,947,486) |

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER　　DIRECTOR　　CHIEF FINANCIAL OFFICER

# Statement of Changes In Equity for the year ended 30 June 2018

| | SHARE CAPITAL | CAPITAL RESERVE: Surplus on revaluation of operating fixed assets-net of tax | REVENUE RESERVE: General reserve | ACCUMULATED LOSS | TOTAL EQUITY |
|---|---|---|---|---|---|
| | ------------------------------Rupees------------------------------ | | | | |
| Balance as at 30 June 2016 - (previously reported) | 250,000,000 | - | 9,000,000 | (523,241,325) | (264,241,325) |
| Impact of change in accounting policy - (Note 2.3 (b)) | - | 153,210,788 | - | - | 153,210,788 |
| Balance as at 30 June 2016 - (restated) | 250,000,000 | 153,210,788 | 9,000,000 | (523,241,325) | (111,030,537) |
| Transferred from surplus on revaluation of operating fixed assets - net of deferred income tax | - | (4,278,142) | - | 4,278,142 | - |
| Loss for the year ended 30 June 2017 | - | - | - | (36,400,721) | (36,400,721) |
| Other comprehensive income for year ended 30 June 2017 | - | 53,530 | - | 399,705 | 453,235 |
| Total comprehensive loss for the year ended 30 June 2017 | - | 53,530 | - | (36,001,016) | (35,947,486) |
| Surplus on revaluation of operating fixed assets - adjustment due to change in tax rate | - | 506,677 | - | - | 506,677 |
| Balance as at 30 June 2017 - (restated) | 250,000,000 | 149,492,853 | 9,000,000 | (554,964,199) | (146,471,346) |
| Transferred from surplus on revaluation of operating fixed assets - net of deferred income tax | - | (2,561,133) | - | 2,561,133 | - |
| Loss for the year ended 30 June 2018 | - | - | - | (34,779,944) | (34,779,944) |
| Other comprehensive income for year ended 30 June 2018 | - | - | - | 423,320 | 423,320 |
| Total comprehensive loss for the year ended 30 June 2018 | - | - | - | (34,356,624) | (34,356,624) |
| Surplus on revaluation of operating fixed assets - adjustment due to change in tax rate | - | 470,854 | - | - | 470,854 |
| Balance as at 30 June 2018 | 250,000,000 | 147,402,574 | 9,000,000 | (586,759,690) | (180,357,116) |

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

# Statement of Cash Flows
## for the year ended 30 June 2018

| | Note | 2018<br>Rupees | 2017<br>Rupees |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 28 | 6,797,995 | 11,743,462 |
| Finance cost paid | | (1,302,158) | (2,638,906) |
| Income tax paid | | (143,520) | (1,818,889) |
| Security deposits | | 4,000 | - |
| Net cash generated from operating activities | | 5,356,317 | 7,285,667 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | - | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of long term financing | | (3,827,175) | (7,474,646) |
| Dividend paid | | (210) | - |
| Net cash used in financing activities | | (3,827,385) | (7,474,646) |
| Net increase / (decrease ) in cash and cash equivalents | | 1,528,932 | (188,979) |
| Cash and cash equivalents at the beginning of the year | | 16,526 | 205,505 |
| Cash and cash equivalents at the end of the year | | 1,545,458 | 16,526 |

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

# Notes to the Financial Statements for the year ended 30 June 2018

1. THE COMPANY AND ITS OPERATIONS

1.1 Ravi Textile Mills Limited ("the Company") is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. Its registered office is situated at Bunglow No. 120, Defence Officers Housing Scheme, Sher Shah Road, Multan Cantt. The object of the Company is manufacturing and trading of yarn.

Geographical location and business units of the Company are as follows:

| Business units | Address |
|---|---|
| Registered office | Bungalow No. 120, Defence Officers Housing Scheme, Sher Shah Road, Multan Cantt. Multan. |
| Office | First floor, 225-Ahmed Block, New Garden Town, Lahore. |
| Mills | 49 – KM Lahore-Multan Road, Chunian, District Kasur. |

1.2 Summary of significant transactions and events affecting the Company's financial position and performance

a) The shareholders of the Company have resolved in the extra-ordinary general meeting held on 02 March 2018 to dispose of all fixed assets of the Company.

b) Pakistan Stock Exchange Limited (PSX) placed the Company under defaulter's segment on 31 December 2017 due to default of clause 5.11.1(i) of Pakistan Stock Exchange (PSX) Regulations.

c) All other significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about the Company's performance, please refer to the Directors' report.

1.3 Non-going concern basis of accounting

The Company has incurred net loss of Rupees 34.780 million during the year ended 30 June 2018. Accumulated losses of the Company as on the reporting date are Rupees 586.760 million. The operations of the mill were resumed during the year ended 30 June 2015 after more than three years with the support of directors' loans. However, in August 2015, the operations of the mill were suspended again. It is beyond the control of the existing management of the Company to run the Company at an economically viable level due to poor economic / market conditions for spinning sector, high energy costs, scheduled and unscheduled extensive load shedding of electricity, high mark-up rates charged by banks and scarce availability of funds.

In view of the aforesaid reasons, the Company is not considered a going concern. These financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

# Notes to the Financial Statements
# for the year ended 30 June 2018

b) Preparation of financial statements under the Companies Act, 2017

The Fourth Schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its Fourth Schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company (refer note 21.3), management assessment of sufficiency of tax provision in the financial statements (refer note 26.2) and additional disclosure requirements for related party (refer note 30.1), etc.

c) Accounting convention

These financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively. In realisable / settlement value basis, assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, that is the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business.

d) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

i. Realizable / settlement values of assets and liabilities respectively
ii. Useful lives, patterns of economic benefits and impairments
iii. Taxation
iv. Provision for doubtful debts

Estimated realizable / settlement values of assets and liabilities respectively

The Company started preparing its financial statements using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively from the year ended 30 June 2011 and recorded adjustments to account for differences between the Company's recognized assets and the measurements of its assets and liabilities (including measurement changes resulting from changes in assumptions). Subsequently, at each reporting date the Company re-measures its assets and liabilities to reflect changes in value since the previous date.

Analysis of upside not recognized in the statement of profit or loss of the Company on assets is disclosed in Note 16.1 and Note 21.2 in these financial statements.

The Company has no item that it plans to sell that the Company has not previously recognized in these financial statements.

e) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2017:

IAS 7 (Amendments), „Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments have resulted in certain additional disclosures in the Company's financial statements.

IAS 12 (Amendments), „Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible

# Notes to the Financial Statements
# for the year ended 30 June 2018

future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments have no significant impact on Company's financial statements.

The application of the above amendments does not result in any impact on loss, other comprehensive income and total comprehensive loss.

f) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2018 or later periods:

IFRS 9 Financial Instruments' (effective for annual periods beginning on or after 01 July 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The aforesaid standard is not expected to have a material impact on the Company's financial statements.
IFRS 15 ' Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018). IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The interpretation is not expected to have a material impact on the Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 ' Income

Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs'. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits–this lowers the hurdle for identifying

the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

g) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2018 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Foreign currencies

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the statement of profit or loss.

2.3 Property, plant and equipment

a) Owned

Cost

Property, plant and equipment except freehold land, buildings on freehold land, plant and machinery, factory tools and equipment and capital work in progress are carried at cost less accumulated depreciation and any identified impairment loss. Freehold land is carried at revalued amount being the fair value at the date of revaluation less any identified impairment loss. Buildings on freehold land, plant and machinery and factory tools and equipment are carried at revalued amount being fair value at the date of revaluation less accumulated depreciation and any identified impairment loss. Capital work in progress is stated at cost less any identified impairment loss.

Cost of property, plant and equipment signifies historical cost, revalued amount, directly attributable costs of bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management and borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset.

# Notes to the Financial Statements
# for the year ended 30 June 2018

Subsequent costs are included in the asset's gross carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of profit or loss during the period in which they are incurred.

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Increases in the carrying amount arising on revaluation of operating fixed assets are credited to surplus on revaluation of operating fixed assets. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to income. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on the assets' original cost is transferred from surplus on revaluation of operating fixed assets to accumulated loss. All transfers to / from surplus on revaluation of operating fixed assets are net of applicable deferred taxation.

b) Change in accounting policy

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of operating fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of operating fixed assets, was not in accordance with the IFRS requirements. Now, in accordance with the requirements of International Accounting Standard (IAS) 16, "Property, Plant and Equipment" surplus on revaluation of operating fixed assets is presented under equity.

Following the application of IAS 16, the Company's accounting policy for surplus on revaluation of operating fixed assets stands amended as follows:

Increases in the carrying amounts arising on revaluation of operating fixed assets are recognised, net of tax, in other comprehensive income and accumulated in surplus on revaluation of operating fixed assets in shareholders' equity. To the extent that increase reverses a decrease previously recognised in the statement of profit or loss, the increase is first recognised in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from surplus on revaluation of operating fixed assets to retained earnings.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarized below:

| | As at 30 June 2017 | | | As at 30 June 2016 | | |
|---|---|---|---|---|---|---|
| | As previously reported | As Restated | Re-statement | As previously reported | As restated | Re-statement |
| | -------------------- | ---------- | ---------- | Rupees | ---------- | ---------- |
| Effect on statement of financial position | | | | | | |
| Surplus on revaluation of operating fixed assets | 149,492,853 | - | (149,492,853) | 153,210,788 | - | (153,210,788) |
| Capital reserve | - | 149,492,853 | 149,492,853 | - | 153,210,788 | 153,210,788 |
| Effect on statement of changes in equity | | | | | | |
| Surplus on revaluation of operating fixed assets | - | 149,492,853 | 149,492,853 | - | 153,210,788 | 153,210,788 |

# Notes to the Financial Statements
# for the year ended 30 June 2018

| | For the year ended 30 June 2017 | | |
|---|---|---|---|
| | As previously reported | As restated | Re-statement |
| | ----------------------Rupees----------------- | | |
| Effect on statement of comprehensive income | | | |
| Gain on revaluation of operating fixed assets – net of deferred income tax | _ | 53,530 | 53,530 |

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

c) Depreciation

Depreciation is charged to profit or loss on the straight-line method so as to write off the cost of an asset over its estimated useful life at the rates given in Note 15.1. The residual value, useful life of an asset and depreciation method are reviewed at each financial year end and adjusted if impact on depreciation is significant. Depreciation on additions is charged from the month in which the assets are available for use and on deletions up to the month in which the assets are deleted.

d) Derecognition

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the profit or loss in the period the asset is de-recognized.

2.4 Non-current assets held for sale

Non-current assets classified as assets held for sale are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recoverable principally through a sale transaction rather than through continuing use.

2.5 Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-financial assets

The carrying amount of assets is reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. Recoverable amount is the higher of fair value less costs to sell and value in use. The resulting impairment loss is taken to the statement of profit or loss except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

2.6 Borrowing cost

Borrowing costs are recognized as expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing cost, if any, are capitalized as part of the cost of that asset.

2.7 Inventories

Inventories except for stock in transit and waste stock are stated at lower of cost and net realizable value.

Stores, spare parts and loose tools

Useable stores and spares are valued at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice values plus other charges paid thereon.

# Notes to the Financial Statements for the year ended 30 June 2018

Stock-in-trade

Cost of raw material, work-in-process and finished goods are determined as follows:

| | | |
|---|---|---|
| i) For raw materials | - | at monthly average cost |
| ii) For work-in-process and finished goods | - | at annual average manufacturing cost including a portion of production overheads |

Materials in transit are stated at cost comprising invoice values plus other charges paid thereon. Waste stock is valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

## 2.8 Taxation

Current

Provision for current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from difference between the carrying amounts of the assets and liabilities in the financial statements and corresponding tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

## 2.9 Revenue recognition

Revenue from sale of goods is recognized on dispatch of goods to customers. Profit on bank deposits is recognized on time proportion basis taking into account principal outstanding and rates of profit applicable thereon.

## 2.10 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

## 2.11 Employees' retirement benefit

The Company has an unfunded gratuity scheme for all of its employees who have completed the qualifying period as defined under the scheme. As per gratuity scheme, employees of the Company are entitled to gratuity equivalent to last drawn salary multiplied by the numbers of year of service up to the date of leaving the Company. The liability recognized in the statement of financial position in respect of defined benefit obligation is the present value of the defined benefit obligation at the end of the reporting period less fair value of plan assets, if any. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to the statement of profit or loss. Re-measurement of the net defined benefit liability, including actuarial gains and losses are recognized immediately in statement of comprehensive income. Past-service costs are recognized immediately in income.

# Notes to the Financial Statements
# for the year ended 30 June 2018

2.12 Share capital

Ordinary shares are classified as equity.

2.13 Financial Instruments

Financial instruments carried on the reporting date include bank balances, advances, deposits, trade debts, trade and other payables, long term financing, accrued mark-up, loans from directors and loan from ex-chief executive.

Financial assets and liabilities are initially recognized at fair value at the time the Company becomes a party to the contractual provisions of the instruments. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and derecognition is charged to the profit or loss currently.

2.13.1 Trade and other receivables

Trade and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.13.2 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.13.3 Borrowings

All borrowings are initially recognized at the fair value. Difference between the fair value and the proceeds of borrowing is recognized as income or expense in the statement of profit or loss. Subsequent to initial recognition, borrowings are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through amortization process.

2.13.4 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.14 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are off set and the net amount is reported in the financial statements when there is a legally enforceable right to off set and the Company intends either to settle on a net basis, or to realize the asset and to settle the liabilities simultaneously.

2.15 Dividend and other appropriations

Dividend to the shareholders is recognized in the period in which it is declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

| 2018 | 2017 | | 2018 | 2017 |
|---|---|---|---|---|
| (Number of shares) | | | Rupees | Rupees |
| 25,000,000 | 25,000,000 | Ordinary shares of Rupees 10 each fully paid in cash (Note 3.1) | 250,000,000 | 250,000,000 |
| 25,000,000 | 25,000,000 | | 250,000,000 | 250,000,000 |

# Notes to the Financial Statements
# for the year ended 30 June 2018

3.1 It includes 4,479,993 (2017: 4,479,993) ordinary shares of the Company held by Spintex Enterprises (Private) Limited - associated company.

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| **4. RESERVE** | | |
| Composition of reserves is as follows: | | |
| Capital reserve: | | |
| Surplus on revaluation of operating fixed assets - net of deferred tax (Note 5) | 147,402,574 | 149,492,853 |
| Revenue reserve - general reserve | 9,000,000 | 9,000,000 |
| Accumulated loss | (586,759,690) | (554,964,199) |

5. SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS - NET OF DEFERRED INCOME TAX

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| Opening balance as at 01 July | 164,716,082 | 170,839,816 |
| Add: Surplus on revaluation incorporated during the year | - | 76,472 |
| Less: Surplus transferred to statement of changes in equity on incremental depreciation | 3,658,761 | 6,200,206 |
| | 161,057,321 | 164,716,082 |
| Less: Related deferred income tax liability | 13,654,747 | 15,223,229 |
| Balance as at 30 June - net of deferred income | 147,402,574 | 149,492,853 |

5.1 Surplus on revaluation of operating fixed assets to the extent of depreciation charged on appreciated value of corresponding items of operating fixed assets is transferred to statement of changes in equity net of deferred income tax.

6. LONG TERM FINANCING

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| From banking companies - secured | | |
| Bank Alfalah Limited (Note 6.1 and Note 6.3) | 17,742,898 | 19,448,973 |
| National Bank of Pakistan (Note 6.2 and Note 6.3) | 29,687,167 | 29,993,023 |
| | 47,430,065 | 49,441,996 |
| Less: Shown under current liabilities (Note 6.3) | 47,430,065 | 24,384,780 |
| | - | 25,057,216 |

6.1 As per rescheduling arrangement with the bank, this loan was repayable in 20 unequal quarterly instalments along with mark-up thereon commenced on 25 June 2014. This carries mark-up at the rate of 9% per annum. Mark-up accrued upto the date of restructuring amounting to Rupees 5.000 million was repayable in 16 quarterly instalments of Rupees 0.313 million each commenced on 25 June 2016. This is secured against first pari passu charge over movable and immovable fixed assets of the Company and personal guarantees of directors of the Company.

6.2 As per rescheduling arrangement with the bank, this loan was repayable in 14 unequal quarterly instalments along with mark-up thereon commenced on 31 March 2016. Frozen mark-up of Rupees 19.622 million was repayable in four quarterly instalments of Rupees 4.906 million each from 30 September 2019. This carries mark-up at the rate of 7.49% (2017: 7.49%) per annum. This is secured against first pari passu charge over movable and immovable fixed assets of the Company and personal guarantees of directors of the Company.

6.3 As the Company has breached the provisions of restructured financing arrangements with banks, the long term financing and deferred accrued markup have become payable on demand. Hence, have been classified as current liabilities.

# Notes to the Financial Statements
# for the year ended 30 June 2018

| | | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| 7. | DEFERRED ACCRUED MARKUP | | |
| | National Bank of Pakistan | 19,622,468 | 14,394,610 |
| | Bank Alfalah Limited | 2,187,500 | 2,151,728 |
| | | 21,809,968 | 16,546,338 |
| | Less: Shown under current liabilities (Note 6.3) | 21,809,968 | - |
| | | - | 16,546,338 |
| 8 | DEFERRED INCOME TAX LIABILITY | | |
| | Deferred income tax liability (Note 8.1) | 13,654,747 | 15,223,229 |

8.1 The Company has recognized deferred income tax liability on surplus on revaluation of operating fixed assets. The Company has tax losses of Rupees 261.963 million as at 30 June 2018 (2017: Rupees 249.893 million). The net deferred income tax asset of Rupees 72.958 million (2017: Rupees 70.38 million) as at the reporting date has not been recognized in these financial statements as these temporary differences are not likely to reverse in the foreseeable future.

9. EMPLOYEES' RETIREMENT BENEFIT

The latest actuarial valuation of the defined benefit obligation as at 30 June 2018 was carried out using the projected unit credit method. Details of the obligation as per actuarial valuation are as follows:

| | | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| 9.1 | The amount recognized in the statement of financial position is as follows: | | |
| | Gratuity payable to ex-employees | 1,610,090 | 1,610,090 |
| | Present value of defined benefit obligation (Note 9.2) | 1,576,865 | 1,456,997 |
| | | 3,186,955 | 3,067,087 |
| 9.2 | Movement in the liability recognized in the statement of financial position is as follows: | | |
| | Opening balance | 1,456,997 | 1,316,957 |
| | Current service cost | 430,271 | 444,266 |
| | Interest cost on defined benefit obligation | 112,917 | 95,479 |
| | Actuarial losses from changes in demographic assumptions | 21,878 | - |
| | Actuarial losses from changes in financial assumptions | 350 | 255 |
| | Experience adjustments | (445,548) | (399,960) |
| | Closing balance | 1,576,865 | 1,456,997 |

| | | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| 9.3 | The amount recognized in the statement of profit or loss is as follows: | | |
| | Current service cost | 430,271 | 444,266 |
| | Interest cost on defined benefit obligation | 112,917 | 95,479 |
| | | 543,188 | 539,745 |
| 9.4 | Remeasurement recognized in other comprehensive income: | | |
| | Actuarial losses from changes in demographic assumptions | 21,878 | - |
| | Actuarial losses from changes in financial assumptions | 350 | 255 |
| | Experience adjustments | (445,548) | (399,960) |
| | | (423,320) | (399,705) |

# Notes to the Financial Statements
# for the year ended 30 June 2018

| | | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| 9.5 | Present value | 1,576,865 | 1,456,997 | 1,316,967 | 1,460,994 |
| | Experience adjustment on | (29.05%) | (30.35%) | (8.81%) | - |

| | | | 2018 | 2017 |
|---|---|---|---|---|
| | | | (% per annum) | |
| 9.6 | Principal actuarial assumptions used are as follows: | | | |
| | Expected rate of eligible salary increase in future | % per annum | 8.00 | 6.75 |
| | Discount rate | % per annum | 9.00 | 7.75 |

9.7 Mortality was assumed to be based on SLIC 2001-2005 ultimate mortality rates, set back one year.

9.8 Estimated charge to the statement of profit or loss for the year ending 30 June 2019 will be Rupees 557,188.

9.9 Sensitivity analysis for actuarial

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions at the reporting date:

| | Defined benefit obligation | | |
|---|---|---|---|
| | Changes in assumption | Increase in assumption | Decrease in assumption |
| | Bps | Rupees | Rupees |
| Discount rate | 100 | 1,548,731 | 1,608,899 |
| Future salary | 100 | 1,608,899 | 1,548,238 |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

9.10 The average duration of the defined benefit obligation is 2 years.

| | 2018 | 2017 |
|---|---|---|
| | Rupees | Rupees |
| **10. TRADE AND OTHER PAYABLES** | | |
| Creditors | 64,556,837 | 66,511,370 |
| Advances from customers | 9,765,742 | 9,765,742 |
| Due to associated company (Note 10.1) | 97,132,997 | 77,920,396 |
| Workers' profit participation fund (Note 10.2) | 1,214,939 | 1,097,056 |
| Accrued liabilities | 19,123,852 | 18,051,934 |
| Sales tax payable | 170,295 | 170,295 |
| Income tax deducted at source | 870,095 | 887,265 |
| | 192,834,757 | 174,404,058 |

# Notes to the Financial Statements for the year ended 30 June 2018

10.1 This is interest free, unsecured and payable on demand to Spintex Enterprises (Private) Limited. This amount has been used in working capital requirements and repayment of financing.

10.2 Workers' profit participation fund

| | | |
|---|---|---|
| Balance as at 01 July | 1,097,056 | 990,615 |
| Add: Interest on funds utilized (Note 10.2.1) | 117,883 | 106,441 |
| Balance as at 30 June | 1,214,939 | 1,097,056 |

10.2.1 The Company retains workers' profit participation fund for its business use. Interest is accrued at the prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company.

## 11. ACCRUED MARK-UP

| | | |
|---|---|---|
| National Bank of Pakistan | 1,120,002 | - |
| Bank Alfalah Limited | 7,602,631 | 5,374,430 |
| Defered accrued mark-up (Note 7) | 21,809,968 | - |
| | 30,532,601 | 5,374,430 |

## 12. LOAN FROM EX-CHIEF EXECUTIVE

This represents unsecured and interest free loan from ex-chief executive of the Company. The balance is an old one, un-reconciled, unconfirmed and disputed.

## 13. LOANS FROM DIRECTORS

These represent unsecured interest free loans obtained from directors of the Company for working capital requirements and are repayable on demand.

## 14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 A cotton supplier has filed a writ petition in the court of Honourable Civil Judge, Multan for the recovery of Rupees 0.300 million against the Company. The Honourable Court awarded decree to the supplier of the same amount on ex-party basis. The amount was adjusted by the Company towards quality claim of raw cotton supplied in the preceding years. The Company filed a petition against the decree in the Court of Honourable District Judge, Multan which is still pending.

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| 14.2 Commitments | Nil | Nil |

# Notes to the Financial Statements for the year ended 30 June 2018

## 15 FIXED ASSETS

15.1 Reconciliation of carrying amounts of operating fixed assets at the beginning and end of the year is as follows:

| | Freehold land | Buildings on freehold land | Plant and machinery | Electric fittings and installations | Factory tools and equipment | Furniture, fixtures and office equipment | Vehicles | TOTAL |
|---|---|---|---|---|---|---|---|---|
| | ---Rupees--- | | | | | | | |
| As at 30 June 2016 | | | | | | | | |
| Cost / revalued amount | 119,790,000 | 101,676,222 | 153,032,739 | 24,252,596 | 13,084,890 | 4,698,097 | 2,722,546 | 419,257,090 |
| Accumulated depreciation | - | (44,650,593) | (111,482,739) | (18,540,008) | (12,401,753) | (4,506,878) | (1,109,840) | (192,691,811) |
| Net book value | 119,790,000 | 57,025,629 | 41,550,000 | 5,712,588 | 683,137 | 191,219 | 1,612,706 | 226,565,279 |
| Year ended 30 June 2017 | | | | | | | | |
| Opening net book value | 119,790,000 | 57,025,629 | 41,550,000 | 5,712,588 | 683,137 | 191,219 | 1,612,706 | 226,565,279 |
| Depreciation charge | - | (4,776,299) | (12,328,802) | (1,589,971) | (683,137) | (116,833) | (594,609) | (20,089,651) |
| Surplus on revaluation | - | 670 | 802 | - | 75,000 | - | - | 76,472 |
| Closing net book value | 119,790,000 | 52,250,000 | 29,222,000 | 4,122,617 | 75,000 | 74,386 | 1,018,097 | 206,552,100 |
| As at 30 June 2017 | | | | | | | | |
| Cost / revalued amount | 119,790,000 | 101,676,892 | 153,033,541 | 24,252,596 | 13,159,890 | 4,698,097 | 2,722,546 | 419,333,562 |
| Accumulated depreciation | - | (49,426,892) | (123,811,541) | (20,129,979) | (13,084,890) | (4,623,711) | (1,704,449) | (212,781,462) |
| Net book value | 119,790,000 | 52,250,000 | 29,222,000 | 4,122,617 | 75,000 | 74,386 | 1,018,097 | 206,552,100 |
| Year ended 30 June 2018 | | | | | | | | |
| Opening net book value | 119,790,000 | 52,250,000 | 29,222,000 | 4,122,617 | 75,000 | 74,386 | 1,018,097 | 206,552,100 |
| Depreciation charge | - | (3,176,674) | (6,980,390) | (954,597) | (16,667) | (44,047) | (392,494) | (11,564,869) |
| Reclassified to non-current assets held for sale: | | | | | | | | |
| Cost / revalued amount | (119,790,000) | (101,676,892) | (153,033,541) | (24,252,596) | (13,159,890) | (4,698,097) | (2,722,546) | (419,333,562) |
| Accumulated depreciation | - | 52,603,566 | 130,791,931 | 21,084,576 | 13,101,557 | 4,667,758 | 2,096,943 | 224,346,331 |
| Net book value (Note 21) | (119,790,000) | (49,073,326) | (22,241,610) | (3,168,020) | (58,333) | (30,339) | (625,603) | (194,987,231) |
| Closing net book value | - | - | - | - | - | - | - | - |
| As at 30 June 2018 | | | | | | | | |
| Cost / revalued amount | - | - | - | - | - | - | - | - |
| Accumulated depreciation | - | - | - | - | - | - | - | - |
| Net book value | - | - | - | - | - | - | - | - |
| Depreciation rates | - | 5 | 6.67-20 | 10-50 | 10-20 | 10 | 20 | |

## 16. STORES, SPARE PARTS AND LOOSE TOOLS

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| Stores | 625,327 | 765,984 |
| Spare parts | 1,843,987 | 1,867,487 |
| Loose tools | 11,741 | 11,741 |
| | 2,481,055 | 2,645,212 |

16.1 Upside against stores, spare and loose tools as on the reporting date is Rupees Nil (2017: Rupees 5,738).

## 17 TRADE DEBTS

| | | |
|---|---|---|
| Considered good | | |
| Unsecured | - | - |
| Considered doubtful | | |
| Others - unsecured | 217,267 | 217,267 |
| Less: Provision for doubtful trade debts (Note 17.1) | 217,267 | 217,267 |
| | - | - |
| | - | - |

### 17.1 Provision for doubtful trade debts

| | | |
|---|---|---|
| Balance as at 01 July | 217,267 | - |
| Add: Provision charged during the year (Note 23) | - | 217,267 |
| Balance as at 30 June | 217,267 | 217,267 |

# Notes to the Financial Statements
# for the year ended 30 June 2018

| | | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| 18. | ADVANCES | | |
| | Considered good, unsecured: | | |
| | Advances to employees against: | | |
| | Salary | - | 3,000 |
| | Expenses | - | 29,091 |
| | Advance income tax | 1,826,848 | 2,547,185 |
| | | 1,826,848 | 2,579,276 |
| | Considered doubtful: | | |
| | Advances to suppliers | 178,145 | 178,145 |
| | Less: Provision for doubtful advances (Note 18.1) | 178,145 | 178,145 |
| | | - | - |
| | | 1,826,848 | 2,579,276 |
| 18.1 | Provision for doubtful advances | | |
| | Balance as at 01 July | 178,145 | - |
| | Add: Provision charged during the year (Note 23) | - | 178,145 |
| | Balance as at 30 June | 178,145 | 178,145 |
| 19. | OTHER RECEIVABLE | | |
| | Considered doubtful | 11,330,999 | 11,330,999 |
| | Less: Provision against doubtful receivable | 11,330,999 | 11,330,999 |
| | | - | - |
| 20. | BANK BALANCES | | |
| | Cash at banks - current accounts | 1,545,458 | 16,526 |

21 NON-CURRENT ASSETS HELD FOR SALE

The shareholders of the Company have resolved in the extra-ordinary general meeting held on 02 March 2018 to dispose of all fixed assets of the Company. Hence, these have been classified as non-current assets held for sale at lower of their carrying amounts and fair value less costs to sell in accordance with the requirements of International Financial Reporting Standard 5 “Non-Current Assets Held for Sale and Discontinued Operations". Category wise break up of non-current assets classified as held for sale is summarized as follows:

| Non - current assets classified as held for sale: | 2018 Rupees | 2017 Rupees |
|---|---|---|
| Freehold land | 119,790,000 | - |
| Buildings on freehold land | 49,073,326 | - |
| Plant and machinery | 22,241,610 | - |
| Factory tools and equipment | 58,333 | - |
| Electric fittings and installations | 3,168,020 | - |
| Furniture, fixtures and office equipment | 30,339 | - |
| Vehicles | 625,603 | - |
| | 194,987,231 | - |

21.1 As on the reporting date, book values on cost basis of fixed assets carried under revalued model is stated below:

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| Freehold land | 5,818,014 | 5,818,014 |
| Buildings on freehold land | 4,427,133 | 4,731,328 |
| Plant and machinery | 19,860,816 | 26,071,576 |
| Factory tools and equipment | - | - |

# Notes to the Financial Statements for the year ended 30 June 2018

21.2 According to latest valuation carried out as on 02 March 2018 by Messrs Anderson Consulting (Private) Limited - approved valuer, fair market values and force sales values of non-current assets held for sale are stated below:

| | 30 June 2018 | | | |
|---|---|---|---|---|
| | Fair market value | Carrying value | Upside not recognised in the financial statements | Forced sale value |
| | Rupees | | | |
| Freehold land | 119,790,000 | 119,790,000 | - | 101,821,500 |
| Buildings on freehold land | 49,073,326 | 49,073,326 | - | 41,712,327 |
| Plant and machinery | 22,241,610 | 22,241,610 | - | 17,793,288 |
| Factory tools and equipment | 58,333 | 58,333 | - | 46,666 |
| Electric fittings and installations | 3,168,020 | 3,168,020 | - | 2,534,416 |
| Furniture, fixtures and office equipment | 30,339 | 30,339 | - | 24,270 |
| Vehicles | 1,200,000 | 625,603 | 574,397 | 960,000 |
| | 195,561,628 | 194,987,231 | 574,397 | 164,892,467 |

At 30 June 2017, upside against electric fittings and installations, furniture, fixtures and office equipment and vehicles was Rupees 0.585 million. This was not recognised in the financial statements.

21.3 Particulars of immovable properties (i.e. freehold land and buildings on freehold land) are as follows:

| Location | Usage of Immovable Property | Total area of land | Covered area of buildings |
|---|---|---|---|
| | | Acrs | Square feet |
| 49 Km, Lahore - Multan Road Chunian, District Kasur. | Mills | 27.225 | 191,445 |

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| **22. ADMINISTRATIVE AND GENERAL EXPENSES** | | |
| Salaries and other benefits | 7,955,815 | 8,055,777 |
| Rent, rates and taxes | 638,743 | 523,445 |
| Postage and telephone | 220,083 | 152,957 |
| Electricity, gas and water | 1,154,809 | 1,291,021 |
| Printing and stationery | 190,972 | 163,913 |
| Repair and maintenance | 138,082 | 319,434 |
| Travelling and conveyance | 317,498 | 245,430 |
| Legal and professional | 246,718 | 75,520 |
| Auditors' remuneration (Note 22.1) | 864,250 | 814,950 |
| Fee and subscription | 896,900 | 501,025 |
| Entertainment | 180,001 | 103,198 |
| Depreciation (Note 15.1) | 11,564,869 | 20,089,651 |
| Miscellaneous | 325,497 | 220,229 |
| | 24,694,237 | 32,556,550 |
| **22.1 Auditors' remuneration** | | |
| Audit fee | 550,000 | 500,000 |
| Review of interim financial information | 102,000 | 102,500 |
| Taxation services | 99,450 | 99,450 |
| Other certifications | 94,800 | 95,000 |
| Out of pocket expenses | 18,000 | 18,000 |
| | 864,250 | 814,950 |

# Notes to the Financial Statements for the year ended 30 June 2018

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| **23. OTHER EXPENSES** | | |
| Provision for doubtful trade debts (Note 17.1) | - | 217,267 |
| Provision for doubtful advances (Note 18.1) | - | 178,145 |
| Advances written off | - | 47,650 |
| | - | 443,062 |
| **24. OTHER INCOME** | | |
| Income from non-financial assets | | |
| Rental income (Note 24.1) | 718,290 | 3,483,296 |
| Scrap sales | - | 10,000 |
| | 718,290 | 3,493,296 |

24.1 This represents rental income from godowns owned by the Company given on cancellable lease arrangements. These agreements have been expired during the year.

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| **25. FINANCE COST** | | |
| Mark-up on long term financing | 4,521,025 | 4,027,021 |
| Adjustment due to IAS - 39 | 7,078,874 | 3,564,177 |
| Interest on workers' profit participation fund | 117,883 | 106,441 |
| Bank charges | 11,453 | 7,109 |
| | 11,729,235 | 7,704,748 |
| **26. TAXATION** | | |
| Current (Note 26.1) | (172,390) | (863,857) |
| Prior year adjustment | - | (247,864) |
| Deferred income tax (Note 8.1) | 1,097,628 | 1,922,064 |
| | 925,238 | 810,343 |

26.1 Provision for current tax represents tax on rental income. Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented being impracticable.

26.2 The Company computes tax based on generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purposes of taxation is available which can be analyzed as follows:

| | 2017 Rupees | 2016 Rupees | 2015 Rupees |
|---|---|---|---|
| Provision for taxation | 863,857 | 247,864 | - |
| Tax assessed | 863,857 | 247,864 | - |

# Notes to the Financial Statements
# for the year ended 30 June 2018

27. LOSS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic loss per share of the Company which is based on:

| | | 2018 | 2017 |
|---|---|---|---|
| Loss after taxation | Rupees | (34,779,944) | (36,400,721) |
| Weighted average number of ordinary shares | Numbers | 25,000,000 | 25,000,000 |
| Loss per share – basic and | Rupees | (1.39) | (1.46) |

28. CASH GENERATED FROM OPERATIONS

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| Loss before taxation | (35,705,182) | (37,211,064) |
| Adjustments for non-cash charges and other items: | | |
| Depreciation | 11,564,869 | 20,089,651 |
| Advances written off | - | 47,650 |
| Provision for doubtful trade debts | - | 217,267 |
| Provision for doubtful advances | - | 178,145 |
| Adjustment due to IAS - 39 | 7,078,874 | 3,564,177 |
| Employees' retirement benefit | 543,188 | 539,745 |
| Finance cost | 4,650,361 | 4,140,571 |
| Working capital changes (Note 28.1) | 18,665,885 | 20,177,320 |
| | 6,797,995 | 11,743,462 |

28.1 Working capital changes

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| Decrease in current assets: | | |
| Stores, spare parts and loose tools | 164,157 | 5,398 |
| Stock-in-trade | - | 10,000 |
| Advances | 32,091 | 16,693 |
| Prepaid insurance | 38,938 | 20,106 |
| | 235,186 | 52,197 |
| Increase in trade and other payables | 18,430,699 | 20,125,123 |
| | 18,665,885 | 20,177,320 |

28.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

| | Liabilities from financing activities | | |
|---|---|---|---|
| | Long term financing | Unclaimed dividend | Total |
| | ----------------Rupees------------------- | | |
| Balance as at 01 July 2017 | 49,441,996 | 1,034,300 | 50,476,296 |
| Repayment of financing | (3,827,175) | - | (3,827,175) |
| Adjustment due to IAS - 39 | 1,815,244 | - | 1,815,244 |
| Dividend paid | - | (210) | (210) |
| Balance as at 30 June 2018 | 47,430,065 | 1,034,090 | 48,464,155 |

# Notes to the Financial Statements for the year ended 30 June 2018

29. PLANT CAPACITY AND ACTUAL PRODUCTION

Due to shortage of working capital and heavy losses, the Company has ceased its production activities since August 2015.

30. TRANSACTIONS WITH RELATED PARTIES

Related parties comprises of associated company and key management personnel. The Company in the normal course of business carries out transactions with related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

| Relationship | Nature of transaction | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| Associated company | | | |
| Spintex Enterprises (Private) Limited | Funds received | 19,460,736 | 28,905,953 |
| | Funds repaid | 248,135 | 820,300 |

30.1 Following is the related party with whom the Company had entered into transactions or have arrangements / agreements in place:

| Name of associated company | Basis of relationship |
|---|---|
| Spintex Enterprises (Private) Limited | 17.92% of shares of the Company are held by the associated company |

31. REMUNERATION TO CHIEF EXECUTIVE OFFICER

The aggregate amount charged in the financial statements for the year for remuneration, allowances, including all benefits to chief executive officer of the Company is as follows:

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| Managerial remuneration | 1,020,000 | 1,020,000 |
| Allowances: | | |
| Reimbursement-travelling | 187,430 | 114,150 |
| Utilities | 311,081 | 268,549 |
| | 1,518,511 | 1,402,699 |
| Number of persons | 1 | 1 |

31.1. No remuneration was paid to non-executive and executive directors of the Company.

31.2. No employee of the Company falls under the definition of executive given in fourth schedule to the Companies Act, 2017.

32. NUMBER OF EMPLOYEES

| | 2018 | 2017 |
|---|---|---|
| Number of employees as on 30 June (Note 32.1) | 26 | 29 |
| Average number of employees during the year | 25 | 28 |

32.1. These include 21 (2017:23) number of factory employees.

# Notes to the Financial Statements
# for the year ended 30 June 2018

## 33. FINANCIAL RISK MANAGEMENT

### 33.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of non derivative financial instruments and investment of excess liquidity.

(a) Market risk

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is not exposed to currency risk as almost all of its transactions are in local currency and no foreign currency receivables and payables exist at the reporting date.

Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity and commodity price risks.

Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no interest-bearing assets. The Company's fair value interest rate risk arises from long term financing. Borrowings obtained at fixed rates expose the Company to fair value interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

| | 2018<br>Rupees | 2017<br>Rupees |
|---|---|---|
| Floating rate instruments | - | - |
| Fixed rate instruments | | |
| Financial liabilities | | |
| Long term financing | 47,430,065 | 49,441,996 |

Fair value analysis for fixed rate instruments

The Company does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

# Notes to the Financial Statements
# for the year ended 30 June 2018

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| Deposits | 266,340 | 270,340 |
| Advances | - | 3,000 |
| Bank balances | 1,545,458 | 16,526 |
| | 1,811,798 | 289,866 |

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

| | Rating | | | 2018 | 2017 |
|---|---|---|---|---|---|
| | Short term | Long term | Agency | Rupees | Rupees |
| Banks | | | | | |
| Bank Alfalah Limited | A1+ | AA+ | PACRA | 5,333 | 5,722 |
| MCB Bank Limited | A1+ | AA- | PACRA | 2,405 | 816 |
| Meezan Bank Limited | A1+ | AA+ | JCR-VIS | - | 1 |
| Habib Metropolitan Bank Limited | A1+ | AA+ | PACRA | 1,529,553 | 1,221 |
| Habib Bank Limited | A-1+ | AAA | JCR-VIS | 8,167 | 8,766 |
| | | | | 1,545,458 | 16,526 |

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

At 30 June 2018, the Company has Rupees 1.545 million (2017: Rupees 0.017 million) bank balances. Management believes the liquidity risk to be high. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2018:

| | Carrying Amount | Contractual cash flows | 6 months or less | 6-12 months | 1-2 years | More than 2 years |
|---|---|---|---|---|---|---|
| | ------ | ------ | ------ | Rupees | ------ | ------ |
| Non-derivative financial liabilities: | | | | | | |
| Trade and other payables | 190,579,428 | 190,579,428 | 190,579,428 | - | - | - |
| Accrued mark-up | 30,532,601 | 30,532,601 | 30,532,601 | - | - | - |
| Unclaimed dividend | 1,034,090 | 1,034,090 | 1,034,090 | - | - | - |
| Long term financing | 47,430,065 | 47,430,065 | 47,430,065 | - | - | - |
| Loan from ex-chief executive | 832,223 | 832,223 | 832,223 | - | - | - |
| Loans from directors | 91,786,220 | 91,786,220 | 91,786,220 | - | - | - |
| | 362,194,627 | 362,194,627 | 362,194,627 | - | - | - |

# Notes to the Financial Statements for the year ended 30 June 2018

Contractual maturities of financial liabilities as at 30 June 2017:

| | Carrying Amount | Contractual cash flows | 6 months or less | 6-12 months | 1-2 years | More than 2 years |
|---|---|---|---|---|---|---|
| | Rupees | | | | | |
| Non-derivative financial liabilities: | | | | | | |
| Trade and other payables | 172,249,442 | 172,249,442 | 172,249,442 | - | - | - |
| Accrued mark-up | 21,920,768 | 29,371,898 | 5,999,430 | 625,000 | 1,250,000 | 21,497,468 |
| Unclaimed dividend | 1,034,300 | 1,034,300 | 1,034,300 | - | - | - |
| Long term financing | 49,441,996 | 58,392,229 | 9,355,116 | 15,116,337 | 28,404,442 | 5,516,334 |
| Loan from ex-chief executive | 832,223 | 832,223 | 832,223 | - | - | - |
| Loans from directors | 91,786,220 | 91,786,220 | 91,786,220 | - | - | - |
| | 337,264,949 | 353,666,312 | 281,256,731 | 15,741,337 | 29,654,442 | 27,013,802 |

33.2 Financial instruments by categories

| | Loans and receivables | |
|---|---|---|
| | 2018 Rupees | 2017 Rupees |
| Assets as per the statement of financial position | | |
| Deposits | 266,340 | 270,340 |
| Advances | - | 3,000 |
| Bank balances | 1,545,458 | 16,526 |
| | 1,811,798 | 289,866 |

| | Financial liabilities at amortized cost | |
|---|---|---|
| | 2018 Rupees | 2017 Rupees |
| Liabilities as per the statement of financial position | | |
| Trade and other payables | 190,579,428 | 172,249,442 |
| Accrued mark-up | 30,532,601 | 21,920,768 |
| Unclaimed dividend | 1,034,090 | 1,034,300 |
| Long term financing | 47,430,065 | 49,441,996 |
| Loan from ex-chief executive | 832,223 | 832,223 |
| Loans from directors | 91,786,220 | 91,786,220 |
| | 362,194,627 | 337,264,949 |

## 34. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

### (i) Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classify its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

# Notes to the Financial Statements
# for the year ended 30 June 2018

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

35. NON- RECURRING FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

Freehold land, buildings on freehold land, plant and machinery and factory tools and equipment of the Company are classified as non-current assets held for sale during the year. These assets are measured at the lower of their carrying amounts and fair value less costs to sell at the time of the reclassification. Before classification as non-current assets held for sale these assets were carried at revaluation model under fixed assets.

At the time of classification as non-current assets held for sale, the fair value of the land is determined using the current prices in an active market for the similar lands, fair value of the buildings on freehold land is determined on the basis of fair depreciated market value by applying an appropriate annual rate of depreciation on new construction / replacement value of the same buildings, fair value of plant and machinery is calculated on the basis of fair depreciated market value by applying an appropriate rate of depreciation on the value of new plant and machinery of the same specifications and fair market value of factory tools and equipment is calculated on the basis of fair depreciated market value by applying an appropriate rate of depreciation on the value of new factory tools and equipment of the same specifications. Therefore, all these non-current assets classified as held for sale are classified in level 2 measurement as per fair value hierarchy.

36. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or sell assets to reduce debt.

37. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 04, 2018 by the Board of Directors of the Company.

38. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. To comply with the requirements of the Companies Act, 2017, unclaimed dividend has been reclassified from trade and other payables and presented on the face of the statement of financial position. Restatement due to change in accounting policy relating to surplus on revaluation of operating fixed assets is described in the note 2.3 (b). Except for these, no significant rearrangements have been made.

39. GENERAL

Figures have been rounded off to nearest of Rupee.

| CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER |
|---|---|---|

# Pattern of Shareholding
# for the year ended 30 June 2018

| No. of Shareholders | Shareholding From | Shareholding To | | Percentage % |
|---|---|---|---|---|
| 165 | 1 | 100 | 11,062 | 0.04% |
| 283 | 101 | 500 | 114,094 | 0.46% |
| 94 | 501 | 1,000 | 88,130 | 0.35% |
| 122 | 1,001 | 5,000 | 327,552 | 1.31% |
| 46 | 5,001 | 10,000 | 359,251 | 1.44% |
| 13 | 10,001 | 15,000 | 160,100 | 0.64% |
| 7 | 15,001 | 20,000 | 128,667 | 0.51% |
| 8 | 20,001 | 25,000 | 183,000 | 0.73% |
| 19 | 25,001 | 75,000 | 856,507 | 3.43% |
| 6 | 75,001 | 200,000 | 750,500 | 3.00% |
| 5 | 200,001 | 500,000 | 2,855,097 | 11.42% |
| 1 | 500,001 | 645,000 | 752,500 | 3.01% |
| 6 | 645,001 | 755,000 | 10,038,578 | 40.16% |
| 2 | 755,001 | 2,250,000 | 4,773,462 | 19.09% |
| 1 | 2,250,001 | 3,845,000 | 3,601,500 | 14.41% |
| 778 | | | 25,000,000 | 100.00% |

| Categories of Shareholders | Number of Shareholders | Shares Held | Percentage |
|---|---|---|---|
| INDIVIDUALS | 761 | 18,489,507 | 73.97% |
| INVESTMENT COMPANIES | 3 | 8,500 | 0.03% |
| INSURANCE COMPANIES | 1 | 200,000 | 0.80% |
| JOINT STOCK COMPANIES | 8 | 5,708,598 | 22.83% |
| FINANCIAL INSTITUTIONS | 2 | 560,292 | 2.24% |
| MODARBAS AND MUTUAL FUND | 3 | 33,103 | 0.13% |
| CHARITABLE TRUSTS | - | - | 0.00% |
| TOTAL | 778 | 25,000,000 | 100.00% |

# *Pattern of Shareholding for the year ended 30 June 2018*

| Categories of Shareholders | | Number of Share holders | Shares Held | Percentage |
|---|---|---|---|---|
| Directors, CEO & their Spouses and Minor Children | | 7 | | |
| Mr. Muhammad Waseem Ur Rehman | Chief Executive | | 502,500 | 2.01% |
| Mr. Aftab Sarwar | Chairman | | 645,000 | 2.58% |
| Mr. Aamir Khurshid Chandia | Director | | 2,500 | 0.01% |
| Mr. Tahir Majeed | Director | | 2,500 | 0.01% |
| Mr.Muhammad Shahid | Director | | 2,500 | 0.01% |
| Mr.Muhammad Riaz | Director | | 2,500 | 0.01% |
| Mr. Waseem Ejaz | Director | | 2,500 | 0.01% |
| Executives | | - | - | |
| Public Sector Companies & Corporations | | 1 | | |
| Investment Corporation of Pakistan | | | 2,800 | 0.01% |
| Joint Stock Companies | | 8 | 5,708,598 | 22.83% |
| Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarba & Mutual Funds | | 8 | - | |
| Banks | | | 34,903 | 0.14% |
| Financial Institutions. | | | 560,292 | 2.24% |
| Modarba Al-Mali Corporation Limited | | | 300 | 0.00% |
| Pakistan Kuwait Inv. Co. (Pvt) Limited | | | 3,600 | 0.01% |
| State Life Insurance Corporation of Pakistan | | | 200,000 | 0.80% |
| Individuals | | 754 | 17,329,507 | 69.32% |
| Grand Total | | 778 | 25,000,000 | 100.00% |

| Share Holding 5% or more voting rights: | |
|---|---|
| Muhammad Shoaib | 3,601,500 |
| Jan Muhammad Imran | 2,096,996 |
| Musawar Hussain | 2,237,363 |
| Spintex Enterprises (Pvt) Limited | 2,018,293 |
| Spintex Enterprises (Pvt) Ltmited | 2,461,700 |
| Tasbiha Sarfaraz | 2,264,500 |
| Mohammad Sarfaraz | 1,363,955 |

The Corporate Secretary
Bungalow No. 120, Defence Officers Housing Scheme,
Sher Shah Road, Multan Cantt, Multan.

Folio No. ...............................

No. of Shares held ..................

# Form of Proxy

## 32nd Annual General meeting

The Corporate Secretary
RAVI TEXTILE MILLS LIMITED
Bungalow No. 120, Defence Officers Housing Scheme,
Sher Shah Road , Multan Cantt, Multan.

Folio No. ______________

No. of Shares held ______________

I/We ____________________________________________
of ____________________________________________ being a member of
RAVI TEXTILE MILLS LIMITED and a holder of ______________________ ordinary shares
as per Share Register Folio No. ______________________

For beneficial owners as per CDC List

CDC Participant I.D. No. ______________ Sub-Account No. ______________

CNIC No. [ | | | | | - | | | | | | | - | ] hereby appoint ______________________

of ____________________________________________
another member of the company as per Register Folio No. ______________
or (failing him/her) ______________________ of ______________
another member of the company as per Register Folio No. ______________

as my/our proxy to attend and vote for me/our behalf at 32nd Annual General Meeting of the Company to be held on Saturday 27th October, 2018 at 09.00 a.m at the Registered Office Bungalow No. 120, Defence Officers Housing Schem, Sher Shah Road, Multan Cantt, Multan and at any adjournment thereof.

Please affix rupees five revenue stamp

(Signature should agree with the specimen signature registered in the Company)

Signature of Shareholder

Dated this ______ day of ________ 2018

Signature of Proxy

For beneficial owners as per CDC list

| 1. WITNESS | | 2. WITNESS | |
|---|---|---|---|
| Signature: | ______________ | Signature: | ______________ |
| Name: | ______________ | Name: | ______________ |
| Address: | ______________ | Address: | ______________ |
| CNIC No. | [ \| \| \| \| \| - \| \| \| \| \| \| \| \| - \| ] | CNIC No. | [ \| \| \| \| \| - \| \| \| \| \| \| \| \| - \| ] |

Notes:

1. Proxies, in order to be effective,must be duly stamped, signed and witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned and must be received at the Registered Office of the Company at Bungalow No. 120, Defence Officers Housing Scheme, Sher Shah Road Multan Cantt Multan not later than 48 hours before the time for holding the meeting.
2. CDC Shareholders and their Proxies are requested to attach an attested photocopy of their National Identity Card with the proxy

   form before submission to the Company (Original CNIC or passport is required to be produced at the time of the meeting)
3. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

# راوی ٹیکسٹائل ملز لمیٹڈ

## پراکسی فارم (مختار نامہ)

| سی ڈی سی شرکت آئی ڈی نمبر | سب اکاؤنٹ (ذیلی کھاتہ) نمبر | کمپیوٹرائزڈ قومی شناختی کارڈ نمبر | حصہ دار (شیئر ہولڈنگ) |
|---|---|---|---|
| | | | |

میں/ہم ____________________

ساکن ____________________

بحیثیت رکن جی او سی (پاک) لمیٹڈ، محترم/محترمہ ____________________ یا

اس کی غیر موجودگی میں ____________________

(بحیثیت کمپنی کے رکن) کو اپنے/ہمارے ایماء پر مورخہ 27 اکتوبر 2018 بروز ہفتہ صبح 09:00 بجے بمقام کمپنی کے رجسٹرڈ آفس بنگلہ نمبر 120، ڈیفنس آفیسر ہاؤسنگ، شیر شاہ روڈ، ملتان پر منعقد ہونے والے راوی ٹیکسٹائل ملز لمیٹڈ کے 32 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التوا کی صورت میں اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز ________ بتاریخ ______ 2018 کو میرے/ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

### گواہان

:1

دستخط: ____________________

نام: ____________________

پتہ: ____________________

____________________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________________

-/5 روپے کا رسیدی ٹکٹ یہاں چسپاں کریں

:2

دستخط: ____________________

نام: ____________________

پتہ: ____________________

____________________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

دستخط رکن

کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں۔

**نوٹ:**

:1 اجلاس عام میں شرکت اور رائے دہی کا مستحق رکن، پراکسی مقرر کر سکتا ہے۔

:2 پراکسی اور مختار نامہ یا دیگر اختیاری (اگر کوئی ہوں) تقرری کے آلات، جس کے تحت یہ دستخط شدہ ہو یا اس مختار نامہ کی نوٹریلی مصدقہ کاپی، کمپنی کے رجسٹرڈ آفس بنگلہ نمبر 120، ڈیفنس آفیسر ہاؤسنگ، شیر شاہ روڈ، ملتان میں اجلاس منعقد ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل جمع کروائے جانے چاہئیں۔

:3 سی ڈی سی اکاؤنٹ ہولڈرز کو پراکسیز تقرری کے لئے سیکوریٹیز اینڈ ایکسچینج کمیشن پاکستان کے مورخہ 26 جنوری 2000 کو جاری کردہ سرکلر نمبر 1 میں دی گئی مندرجہ ذیل گائیڈ لائنز کی پیروی کرنا ہوگی۔

(i) بصورت افراد، اکاؤنٹ ہولڈر اور/یا سب اکاؤنٹ ہولڈر جن کی سیکوریٹیز اینڈ رجسٹریشن تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں، انہیں درج بالا شرائط کے مطابق پراکسی فارم (مختار نامہ) جمع کرانا ہوں گے۔

(ii) پراکسی فارم پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہوں۔

(iii) بینیفشل اونرز اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم (مختار نامہ) کے ہمراہ جمع کرانا ہوں گی۔

(iv) پراکسی، اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرے گا/گی۔

(v) بصورت کارپوریٹ اینٹٹی، بورڈ کی قرارداد/مختار نامہ معہ پراکسی ہولڈر کے دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔